

To All Shareholders:

Stock Code: 6645  
May 29, 2015

**Yoshihito Yamada**  
Representative Director and President

OMRON CORPORATION  
Shiokoji Horikawa, Shimogyo-ku,  
Kyoto, Japan

**CONVOCAATION NOTICE FOR THE 78TH ORDINARY GENERAL  
MEETING OF SHAREHOLDERS**

Notice is hereby given that the 78th Ordinary General Meeting of Shareholders will be held as detailed below, and your attendance is cordially requested.

In the event that you are unable to attend the Meeting, you may exercise your voting rights in writing or by electronic methods. You are kindly requested to examine the attached Reference Materials for the General Meeting of Shareholders and to exercise your voting rights no later than 5:30 p.m. on Monday, June 22, 2015.

\* Please note that there is no ballot attached to this translation.

1. Date: Tuesday, June 23, 2015, 10:00 a.m.  
(The reception is scheduled to start at 9:00 a.m.)
2. Place: Banquet room "Genji," 3rd Floor of Hotel Granvia Kyoto (inside Kyoto Station building)  
Karasuma-dori, Shiokoji-sagaru, Shimogyo-ku, Kyoto
3. Agenda:
  - A. Reports
    1. The Business Report, Consolidated Financial Statements, and the Reports of the Accounting Auditors and Audit & Supervisory Board on the Results of Audits of Consolidated Financial Statements for the 78th Fiscal Year (April 1, 2014 to March 31, 2015)
    2. Financial Statements for the 78th Fiscal Year  
(April 1, 2014 to March 31, 2015)
  - B. Proposals
    - No. 1 Dividends from Retained Earnings
    - No. 2 Election of Eight (8) Directors
    - No. 3 Election of Two (2) Audit & Supervisory Board Members
    - No. 4 Election of One (1) Alternate Audit & Supervisory Board Member
    - No. 5 Payment of Yearly Performance-Linked Bonuses to Directors

## REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

### Proposals and Reference Items

#### No. 1: Dividends from Retained Earnings

OMRON has set the objective of maximizing the Company's corporate value over the long term. Appropriate returns to shareholders and growth to expand earnings over the long-term are positioned as management priorities. Specifically, the Company's fundamental policy for distributing profits is to maintain long-term stable dividends, while maintaining a payout ratio of over 25% of consolidated net income, after securing internal capital resources for essential R&D expenditures, capital investment and other investments in growth to increase its corporate value. In addition, the Company has set a target of 2% for dividends on equity (DOE), defined as return on equity (ROE) multiplied by the payout ratio.

Based on this policy, the Company is committed to steadily and consistently enhancing returns to shareholders, and plans to pay a year-end dividend of JPY 40 per share.

As the Company has paid an interim cash dividend of JPY 31 per share, total cash dividends for the fiscal year will be JPY 71 per share, an increase of JPY 18 from the previous fiscal year.

(1) Type of dividend assets:

Cash

(2) Item concerning allotment of dividend assets to shareholders and total amount of dividends:

JPY 40 per share of common stock. Total amount JPY 8,690,136,200

(3) Effective date of the dividend:

June 24, 2015

**No. 2: Election of Eight (8) Directors**

The terms of all seven (7) Directors will expire at the close of this General Meeting of Shareholders. Furthermore, in order to diversify the Board of Directors and strengthen the supervisory function in the corporate management with a view to continuously enhancing the Company's corporate value, the Company has added one (1) additional Director (Independent), and nominated Ms. Kuniko Nishikawa as a candidate for new Director (Independent).

The Company therefore requests the election of eight (8) Directors, including three (3) Directors (Independent).

If this item is approved and resolved as proposed, the ratio of Directors (Independent) in the Board of Directors of the Company will be at least one-third.

The Director candidates are as follows:

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
1	Mr. Fumio Tateishi (July 6, 1949) Reelection Tenure as Director: 9 years Attendance at the Board of Directors meetings during fiscal 2014: 13/13 times (100%)	<p>Aug. 1975 Joined the Company June 1997 Appointed Director June 1999 Retired as Director, appointed Managing Executive Officer June 2001 Appointed Senior General Manager of Corporate Strategic Planning H.Q. June 2003 Appointed Executive Officer and Executive Vice President, and President of Industrial Automation Business Company June 2008 Appointed Executive Vice Chairman and Director June 2013 Appointed Chairman and Director (to present)</p> <p><i>Area of responsibility in the Company:</i> Chairman of the Board of Directors Member of CEO Selection Advisory Committee</p> <p>&lt;Reasons nominated as a candidate&gt; Mr. Fumio Tateishi serves as Chairman of the Board of Directors as Director not engaged in business execution, and in this role he manages the Board of Directors in an appropriate manner and supervises the corporate management properly with an aim to achieve the long-term vision. Mr. Tateishi actively comments as a member of the CEO Selection Advisory Committee to contribute to increasing transparency and fairness in the appointment of President. Furthermore, he actively made proposals concerning the revision of the corporate principles during fiscal 2014 based on his superior insight into CSR and visits to domestic and overseas sites. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director.</p>	1,223,277

Notes 1. There are no special interests between the Company and Mr. Fumio Tateishi.

2. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
2	Mr. Yoshihito Yamada (November 30, 1961) Reelection Tenure as Director: 4 years Attendance at the Board of Directors meetings during fiscal 2014: 13/13 times (100%)	<p>April 1984 Joined the Company  June 2008 Appointed Executive Officer, and Representative Director and President of OMRON Healthcare Co., Ltd.  March 2010 Appointed Senior General Manager of Corporate Strategic Planning H.Q.  June 2010 Appointed Managing Executive Officer  June 2011 Appointed Representative Director and President (to present)</p> <p><i>Area of responsibility in the Company:</i>  CEO</p> <p>&lt;Reasons nominated as a candidate&gt;  Mr. Yoshihito Yamada appropriately supervises the corporate management as Representative Director and President. By providing sufficient and adequate explanations on significant management issues at the Board of Directors, Mr. Yamada contributes to improve the decision-making function of the Board of Directors. Furthermore, Mr. Yamada leads the management as CEO in an effort to achieve sustained improvements in corporate value by putting the corporate principles in practice.  Based on these factors, the Company believes that he is a suitable person for serving as leader for the achievement of the long-term vision and therefore requests his reelection as a Director.</p>	25,840

Notes 1. There are no special interests between the Company and Mr. Yoshihito Yamada.

2. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
3	Mr. Yoshinori Suzuki (April 27, 1952) Reelection Tenure as Director: 2 years Attendance at the Board of Directors meetings during fiscal 2014: 13/13 times (100%)	<p>April 1975 Joined the Company</p> <p>June 2003 Appointed Executive Officer and Senior General Manager of Corporate Planning H.Q.</p> <p>June 2006 Appointed Managing Executive Officer</p> <p>March 2007 Appointed President of Automotive Electronic Components Company</p> <p>May 2010 Appointed Representative Director and President of OMRON Automotive Electronics Co. Ltd.</p> <p>April 2013 Appointed Senior Managing Executive Officer and Chief Financial Officer (CFO)</p> <p>June 2013 Appointed Senior Managing Director and CFO</p> <p>June 2014 Appointed Representative Director and Executive Vice President, and CFO (to present)</p> <p><i>Area of responsibility in the Company:</i> CFO Member of Personnel Advisory Committee</p> <p>&lt;Reasons nominated as a candidate&gt; Mr. Yoshinori Suzuki appropriately supervises the corporate management based on a financial perspective as Executive Vice President and Representative Director. Mr. Suzuki actively comments as a member of the Personnel Advisory Committee to contribute to increasing transparency and fairness in the appointment of officers. Further, in addition to executing business operations in order to respond swiftly to changes in the economic situation and business environment as CFO, he contributes to the promotion of efficient and effective corporate governance at a global level. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director.</p>	21,343

Notes 1. There are no special interests between the Company and Mr. Yoshinori Suzuki.

2. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
4	Mr. Akio Sakumiya (September 10, 1952) Reelection Tenure as Director: 4 years Attendance at the Board of Directors meetings during fiscal 2014: 13/13 times (100%)	<p>April 1975 Joined the Company</p> <p>June 2003 Appointed Executive Officer, and Representative Director and President of OMRON Ichinomiya Co., Ltd. (now OMRON Amusement Co., Ltd.)</p> <p>March 2009 Appointed President of Electronic Components Business Company</p> <p>June 2010 Appointed Managing Executive Officer</p> <p>June 2011 Appointed Senior Managing Director</p> <p>June 2014 Appointed Executive Vice President and Director (to present)</p> <p><i>Area of responsibility in the Company:</i> Vice Chairman of Personnel Advisory Committee Vice Chairman of CEO Selection Advisory Committee Vice Chairman of Compensation Advisory Committee</p> <p>&lt;Reasons nominated as a candidate&gt; Mr. Akio Sakumiya serves as Director not engaged in business execution, and in this role he appropriately supervises the corporate management with an aim to achieve the long-term vision. Mr. Sakumiya actively comments as a Vice Chairman of the Personnel Advisory Committee, CEO Selection Advisory Committee and the Compensation Advisory Committee to contribute to improving transparency and fairness in the appointment of officers and President and compensation of Directors. In addition, through dialogue with onsite employees carried out from an objective perspective across the borders of business segments, and proposals for global integrated risk management measures and other policies, he contributes to the discovery of growth opportunities for the Group and enhancement of its capacity to deal with management risks. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director.</p>	24,648

Notes 1. There are no special interests between the Company and Mr. Akio Sakumiya.

2. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
5	Mr. Koji Nitto (February 1, 1961) Reelection Tenure as Director: 1 year Attendance at the Board of Directors meetings during fiscal 2014: 10/10 times (100%)	<p>April 1983 Joined the Company  March 2011 Appointed Senior General Manager of Global Resource Management H.Q.  June 2011 Appointed Executive Officer  March 2013 Concurrently appointed Senior General Manager of Global SCM and IT Innovation H.Q.  April 2013 Appointed Managing Executive Officer  March 2014 Appointed Senior General Manager of Global Strategy H.Q. (to present)  April 2014 Appointed Senior Managing Executive Officer (to present)  June 2014 Appointed Director (to present)</p> <p><i>Area of responsibility in the Company:</i>  Member of Compensation Advisory Committee</p> <p>&lt;Reasons nominated as a candidate&gt;  Mr. Koji Nitto appropriately supervises the corporate management based on a strategic perspective as Director. Mr. Nitto actively comments as a member of the Compensation Advisory Committee to contribute to increasing transparency and fairness of compensation of Directors. Furthermore, as Senior General Manager of Global Strategy H.Q., he drafts and executes strategies, and practices planned and appropriate management of the Group by confirming the status of strategy implementation in each business.  Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director.</p>	8,367

- Notes
1. There are no special interests between the Company and Mr. Koji Nitto.
  2. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.
  3. Mr. Koji Nitto was newly elected and appointed as Director at the 77th Ordinary General Meeting of Shareholders held on June 24, 2014, and therefore his attendance figures are stated for the Board of Directors meetings held on and after June 24, 2014.

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
6	Mr. Kazuhiko Toyama (April 15, 1960) <Director (Independent) candidate> <Independent Officer candidate> Reelection Tenure as Director: 8 years Attendance at the Board of Directors meetings during fiscal 2014: 12/13 times (92.3%)	<p>April 1985 Joined Boston Consulting Group, Inc.  April 1986 Established Corporate Direction Co., Ltd.  March 1993 Appointed Director of Corporate Direction Co., Ltd.  April 2000 Appointed Managing Director of Corporate Direction Co., Ltd.  April 2001 Appointed President and CEO of Corporate Direction Co., Ltd.  April 2003 Appointed COO &amp; Executive Managing Director of Industrial Revitalization Corporation of Japan (IRCJ)  April 2007 Appointed President and CEO of Industrial Growth Platform, Inc. (to present)  June 2007 Appointed Director of the Company (to present)</p> <p><i>Areas of responsibility in the Company:</i>  Chairman of Personnel Advisory Committee  Chairman of CEO Selection Advisory Committee  Chairman of Corporate Governance Committee  Member of Compensation Advisory Committee</p> <p><i>Significant concurrent positions:</i>  CEO of Industrial Growth Platform, Inc.  Outside Director of PIA Corporation</p> <p>&lt;Reasons nominated as a candidate&gt;  Having served in a number of corporate management positions for many years, Mr. Kazuhiko Toyama has superior insight into management and appropriately supervises the corporate management as Director (Independent). In addition, Mr. Toyama is particularly familiar with corporate governance issues, and actively comments as Chairman of the Personnel Advisory Committee, CEO Selection Advisory Committee and Corporate Governance Committee to contribute to increasing transparency and fairness in the management of the Company.  Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director (Independent).</p>	5,100

- Notes 1. Mr. Kazuhiko Toyama currently serves as CEO of Industrial Growth Platform, Inc. (IGPI). While the Group has concluded a consulting contract with the IGPI Group, such transactions in fiscal 2014 account for less than 1% of the consolidated net sales of the Group and those of the IGPI Group; there is nothing questionable regarding the independence of Mr. Toyama, and there is no special interests between Mr. Toyama and the Company.
2. Mr. Kazuhiko Toyama is currently a Director (Independent) of the Company, and has provided notification as an Independent Officer to Tokyo Stock Exchange, Inc. If Mr. Toyama's reelection is approved, the Company plans to continue his registration as an Independent Officer. Details of "The Company's policy regarding the independence of Outside Officers" are described on page 11.
3. The Company has established a provision in its articles of incorporation for limited liability agreements with Directors (Independent) and Audit & Supervisory Board Members (Independent) with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. Accordingly, the Company has formed a limited liability agreement with Mr. Kazuhiko Toyama that sets the amount of his liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher. If Mr. Toyama's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.



Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
7	Mr. Eizo Kobayashi (January 7, 1949) <Director (Independent) candidate> <Independent Officer candidate> Reelection Tenure as Director: 2 years Attendance at the Board of Directors meetings during fiscal 2014: 12/13 times (92.3%)	<p>April 1972 Joined ITOCHU Corporation June 2000 Appointed Executive Officer of ITOCHU Corporation April 2002 Appointed Managing Executive Officer of ITOCHU Corporation June 2003 Appointed Representative Director and Managing Director of ITOCHU Corporation April 2004 Appointed Representative Director and Senior Managing Director of ITOCHU Corporation June 2004 Appointed President and CEO of ITOCHU Corporation April 2010 Appointed Chairman and Representative Director of ITOCHU Corporation June 2011 Appointed Chairman of ITOCHU Corporation (to present) June 2013 Appointed Director of the Company (to present)</p> <p><i>Areas of responsibility in the Company:</i> Chairman of Compensation Advisory Committee Member of Personnel Advisory Committee Member of CEO Selection Advisory Committee Vice Chairman of Corporate Governance Committee</p> <p><i>Significant concurrent positions:</i> Chairman of ITOCHU Corporation Chairman of ITOCHU Foundation Chairman of Japan Foreign Trade Council, Inc. Outside Director of Nippon Venture Capital Co., Ltd. Outside Audit &amp; Supervisory Board Member of Asahi Mutual Life Insurance Company External Director of Japan Airlines Co., Ltd. (to be appointed in June 2015)</p> <p>&lt;Reasons nominated as a candidate&gt; Having served as chairman of a global company, Mr. Eizo Kobayashi has experience in proactive business development in a wide range of fields along with superior insight into management and appropriately supervises the corporate management as a Director (Independent). In addition, Mr. Kobayashi shares his experience and insight as a management expert, and actively comments as Chairman of the Compensation Advisory Committee to contribute to increasing transparency and fairness in the management of the Company. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director (Independent).</p>	2,466

- Notes 1. Mr. Eizo Kobayashi currently serves as Chairman of ITOCHU Corporation. While the Group has a business relationship with the ITOCHU Group including sales of products, such transactions in fiscal 2014 accounted for less than 1% of the consolidated net sales of the Group and those of the ITOCHU Group; there is nothing questionable regarding the independence of Mr. Kobayashi, and there are no special interests between Mr. Kobayashi and the Company.
2. Mr. Eizo Kobayashi is currently a Director (Independent) of the Company, and has provided notification as an Independent Officer to Tokyo Stock Exchange, Inc. If Mr. Kobayashi's election is approved, the Company plans to continue his registration as an Independent Officer. Details of "The Company's policy regarding the independence of Outside Officers" are described on page 11.
3. The Company has established a provision in its articles of incorporation for limited liability agreements with Directors (Independent) and Audit & Supervisory Board Members (Independent) with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. Accordingly, the Company has formed a limited liability agreement with Mr. Eizo Kobayashi that sets the amount of his liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher. If Mr. Kobayashi's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
4. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
8	Ms. Kuniko Nishikawa (July 9, 1962) <Director (Independent) candidate> <Independent Officer candidate> New candidate	<p>April 1986 Joined Citibank N.A. Feb. 1996 Joined A.T. Kearney, Inc. Sep. 2000 Appointed President &amp; CEO of Supernurse Co. Ltd. Aug. 2010 Established Firststar Healthcare Co. Ltd. Appointed President &amp; CEO of Firststar Healthcare Co. Ltd. (to present) June 2013 Appointed President of Benesse MCM Corp. (to present)</p> <p><i>Significant concurrent positions:</i> President &amp; CEO of Firststar Healthcare Co. Ltd. President of Benesse MCM Corp. Non-Executive Director and Member of the Regional Economy Vitalization Committee of Regional Economy Vitalization Corporation of Japan</p> <p>&lt;Reasons nominated as a candidate&gt; Ms. Kuniko Nishikawa has abundant international experience, and, having started her own company after experience in a global management consulting firm and management of a medical staffing company, she has a diverse track record of management achievements and superior insight. Based on these factors, the Company believes that she is a suitable person for achieving sustained improvements in corporate value and therefore requests her election as a Director (Independent).</p>	0

Notes 1. There are no special interests between the Company and Ms. Kuniko Nishikawa.

2. Ms. Kuniko Nishikawa is a Director (Independent) candidate, and meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc. If Ms. Nishikawa's election is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange, Inc. Details of "The Company's policy regarding the independence of Outside Officers" are described on page 11.
3. The Company has established a provision in its articles of incorporation for limited liability agreements with Directors (Independent) and Audit & Supervisory Board Members (Independent) with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. If Ms. Nishikawa is appointed as a Director (Independent), the Company plans to form a limited liability agreement with Ms. Nishikawa that sets the amount of her liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher.

## The Company's policy regarding the independence of Outside Officers

- The Company makes it a rule to elect and appoint Outside Officer nominees following resolutions by the Board of Directors, based on the consultation to, deliberation by and reporting from the Personnel Advisory Committee chaired by a Director (Independent), in accordance with the independence requirements stated in the Company's own "Independence Requirements for Outside Officers (see Note)" in addition to the requirements under the Companies Act.
- With regard to making all Outside Officers Independent Officers, the matter was resolved at a meeting of the Board of Directors. This decision followed consultation with the Corporate Governance Committee, composed of Outside Officers, with a view to ensuring that the Company's own "Independence Requirements for Outside Officers" are appropriate criteria for judging the independence of Outside Officers.
- The "Independence Requirements for Outside Officers" were carefully reviewed in December 2014, and changes were made to those including the overall structure and the wording of each item.

(Note) "Independence Requirements for Outside Officers" (revised on December 25, 2014)

In selecting new Outside Officer nominees, the Company has set the following independence requirements to define relations between the OMRON Group and the nominees as well as companies or organizations to which they belong. Outside Officers shall maintain the following independence requirements after appointment as well, and if there is an appointment to a principal position, independence shall be reviewed based on these independence requirements by the Personnel Advisory Committee.

1. Nominees for Outside Officers shall not be Directors (excluding Directors (Independent)), Audit & Supervisory Board Members (excluding Audit & Supervisory Board Members (Independent)), Executive Officers or employees of the OMRON Group (see Note) and they shall not have been Directors (excluding a Directors (Independent)), Audit & Supervisory Board Members (excluding Audit & Supervisory Board Members (Independent)), Executive Officers or employees of the OMRON Group in the past.
2. They shall not have been large shareholders of the OMRON Group (\*), or Directors, Audit & Supervisory Board Members, Executive Officers or employees of a company in which the OMRON Group is a large shareholder in any of the past five fiscal years.  
(\* ) A large shareholder refers to a company, etc. with a shareholding ratio exceeding 10% of total voting rights.
3. They shall not be Directors, Audit & Supervisory Board Members, Executive Officers or employees at significant transaction partners (\* ) of the OMRON Group.  
(\* ) A significant transaction partner refers to a company whose payments or received transaction amount in business with the OMRON Group in the previous fiscal year and the past three fiscal years represent more than 2% of the consolidated net sales of the Group or the transaction partner (including its parent company and significant subsidiaries).
4. They shall not be Directors, Audit & Supervisory Board Members, Executive Officers or employees of a corporation, organization, etc. receiving large donations (\* ) from the OMRON Group.  
(\* ) Large donations refer to donations of JPY 10 million per year or donations that represent more than 2% of the consolidated net sales or total income of the donation recipient, whichever amount is larger, based on the average for the past three fiscal years.
5. Companies or organizations to which the nominee belongs must not have appointed designated Directors, Audit & Supervisory Board Members, or Executive Officers to the OMRON Group or vice versa.
6. They shall not have been representative partners, staff members, partners or employees at the Accounting Auditors serving the OMRON Group in any of the past five fiscal years.
7. They shall not be legal specialists, certified public accountants, consultants, etc., that receive large amounts of money (\* ) or other assets from the OMRON Group besides compensation of Directors or Audit & Supervisory Board Members.  
(\* ) Large amounts of money refer to JPY 10 million per year in the cases of an individual or an amount that represents more than 2% of the consolidated net sales in the case of an organization based on the average for the past three fiscal years.
8. They shall not be a spouse, family member within the second degree of relationship, family member that lives in the same residence, or a dependent of any of the following parties.

- (1) Directors, Audit & Supervisory Board Members, Executive Officers or principal employees (\*) of the OMRON Group
  - (2) Parties that were Directors, Audit & Supervisory Board Members, Executive Officers or principal employees of the OMRON Group in any of the past five fiscal years
  - (3) Parties that are restricted from appointment based on items 2. through 7. above
- (\*) Principal employees refer to employees at the Senior General Manager level or above.
9. In addition, there shall be nothing questionable regarding the independence in performing duties as an Outside Officer.

Note: The above term 'OMRON Group' means OMRON Corporation and its subsidiaries.

**No. 3: Election of Two (2) Audit & Supervisory Board Members**

The term of office of the Audit & Supervisory Board Member Mr. Tokio Kawashima will expire, and Audit & Supervisory Board Member Mr. Masayuki Tsuda will resign at the close of this General Meeting of Shareholders. The Company therefore requests the election of two (2) Audit & Supervisory Board Members, including one (1) new Audit & Supervisory Board Member.

The Company has obtained the consent of the Audit & Supervisory Board regarding this proposal.

The Audit & Supervisory Board Member candidates are as follows:

Candidate number	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions	Number of shares of the Company owned
1	Mr. Kiichiro Kondo (December 10, 1954) New candidate	April 1977 Joined Mitsui Ocean Development & Engineering Co., Ltd. Jan. 1988 Joined Mitsui Trust and Banking Company, Limited (now Sumitomo Mitsui Trust Bank, Limited) April 1999 Joined the Company April 2007 Appointed Senior General Manager, Public Solutions Business Department of Social Systems Solutions and Service Business Company June 2007 Appointed Executive Officer of the Company April 2011 Appointed President and CEO of OMRON Social Solutions Co., Ltd. June 2011 Appointed Managing Executive Officer of the Company  <Reasons nominated as a candidate> Mr. Kiichiro Kondo served in the Company's Social Systems, Solutions and Service Business for many years. Having served as President and CEO of OMRON Social Solutions Co., Ltd after business experience in the overseas businesses, planning division, and railway station service systems business, he has contributed to enhancing the corporate value of the Group. Furthermore, he has working experience at a financial institution and considerable knowledge of finance and accounting. Based on these accomplishments and considerable amount of experience, the Company believes that he is a suitable person for an Audit & Supervisory Board Member and therefore requests his election as an Audit & Supervisory Board Member.	15,770

Notes: 1. There are no special interests between the Company and Mr. Kiichiro Kondo.

2. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.

Candidate number	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions	Number of shares of the Company owned
2	Mr. Tokio Kawashima (January 22, 1959) Reelection Tenure as Audit & Supervisory Board Member: 4 years Attendance at the Board of Directors meetings during fiscal 2014: 13/13 times (100%) Attendance at the Audit & Supervisory Board meetings during fiscal 2014: 13/13 times (100%)	<p>April 1982 Joined The Mitsubishi Bank, Ltd. (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Sep. 2008 Appointed Regional Head for Germany &amp; General Manager, Dusseldorf Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>April 2011 Joined the Company</p> <p>June 2011 Appointed Audit &amp; Supervisory Board Member (to present)</p> <p>&lt;Reasons nominated as a candidate&gt; As an Audit &amp; Supervisory Board Member, Mr. Tokio Kawashima appropriately fulfills the role of auditing the execution of duties by Directors. He attends the Board of Directors meetings and other important meetings, and actively comments from the perspective of audits on legality and appropriateness. As an Audit &amp; Supervisory Board Member (Full-time), he actively works to maintain and improve the audit environment and collect internal information while constantly monitoring the design and operations of internal control system. Furthermore, he has years of working experience in a financial institution, and has considerable knowledge regarding finance and accounting. Based on these factors, the Company believes that he is a suitable person for an Audit &amp; Supervisory Board Member and therefore requests his reelection as an Audit &amp; Supervisory Board Member.</p>	655

Notes: 1. There are no special interests between the Company and Mr. Tokio Kawashima.

2. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.

**No. 4: Election of One (1) Alternate Audit & Supervisory Board Member**

The term of office of the currently appointed Alternate Audit & Supervisory Board Member will expire at the opening of this General Meeting of Shareholders. To ensure that the Company will not lack the number of Audit & Supervisory Board Members stipulated by law, the Company requests the election of one (1) Alternate Audit & Supervisory Board Member as an Alternate Outside Audit & Supervisory Board Member.

This Alternate Audit & Supervisory Board Member shall be appointed only if the Company lacks the number of Outside Audit & Supervisory Board Members stipulated by law, and shall serve the remaining term of his predecessor.

The Company has obtained the consent of the Audit & Supervisory Board regarding this proposal.

The Alternate Audit & Supervisory Board Member candidate is as follows:

Name (Date of birth)	Career summary and significant concurrent positions	Number of shares of the Company owned
Mr. Toru Watanabe (February 2, 1966) <Alternate Audit & Supervisory Board Member candidate>	April 1993 Registered as attorney with the Osaka Bar Association; joined Kitahama Partners (now Kitahama Partners - Foreign Law Joint Enterprise) Jan. 1998 Appointed partner of Kitahama Partners (to present)  <i>Significant concurrent positions:</i> Partner of Kitahama Partners - Foreign Law Joint Enterprise, Attorney at Law Outside Director of SHO-BI Corporation Outside Audit & Supervisory Board Member of AOYAMA TRADING Co., Ltd.  <Reasons nominated as a candidate> Mr. Toru Watanabe is an attorney specializing in primarily in the Companies Act and corporate legal affairs. The Company expects Mr. Watanabe to reflect his legal expertise in the auditing of the Company and requests his election as an Outside Alternate Audit & Supervisory Board Member (Independent). He has not been involved directly in corporate management other than acting as an Outside Director or an Outside Audit & Supervisory Board Member, but for the reasons stated above, the Company believes that he can adequately fulfill the duties of an Outside Audit & Supervisory Board Member (Independent).	0

Notes: 1. There are no special interests between the Company and Mr. Toru Watanabe.

2. Mr. Toru Watanabe is an Alternate Audit & Supervisory Board Member candidate, and meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc. Details of “The Company’s policy regarding the independence of Outside Officers” are described on page 11.

3. The Company has established a provision in its articles of incorporation for limited liability agreements with Directors (Independent) and Audit & Supervisory Board Members (Independent) with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. If Mr. Watanabe is appointed as an Audit & Supervisory Board Member (Independent), the Company plans to form a limited liability agreement with Mr. Watanabe that sets the amount of his liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher.

**No. 5: Payment of Yearly Performance-Linked Bonuses to Directors**

Based on the “Policy on Determining Amount of Compensation, etc., and Methods Used for Calculation” on page 32 through 33 of this Convocation Notice, the Company requests shareholders to approve payment of a total of JPY 235,920,000 in yearly performance-linked bonuses to five (5) Directors as of March 31, 2015, excluding Directors (Independent).

The methods of distribution and payment, etc. to each Director shall be resolved at the Board of Directors, based on the deliberation by and reporting from the Compensation Advisory Committee. The amounts to be paid to each individual Director shall be left to the discretion of the Board of Directors in this regard.

# Business Report (Consolidated)

(April 1, 2014 to March 31, 2015)

## 1. Current State of the OMRON Group

### (1) Corporate Principles of the OMRON Group

Up until now, the OMRON Group has worked to improve corporate value by contributing to the development of society through its business with its corporate principles as the cornerstone for the management. Currently, the OMRON Group is accelerating the globalization through “Value Generation 2020” (VG2020), its long-term vision of ten years to the year ending March 31, 2021 (fiscal 2020), and accordingly the OMRON Group aims for business growth through the resolution of various social issues around the world. In order to achieve this, it has become even more important for all employees worldwide to understand our stance towards the corporate principles and to act based on these principles. Overseas sales and employees already account for the majority of those of the OMRON Group, respectively, and these ratios will be increased in the future as we move ahead with the management globalization. With this in mind, in order to ensure that all of our employees around the world can have the same understanding of the corporate principles and act accordingly, we have revised the corporate principles by adopting globally common expressions so that they are easily translated into action.

Going forward, the OMRON Group will fulfill its corporate social responsibility based on the corporate principles as it aims for sustainable development in fiscal 2020 and beyond.

Our Mission

To improve lives and contribute to a better society

Our Values

- Innovation Driven by Social Needs  
Be a pioneer in creating inspired solutions for the future.
- Challenging Ourselves  
Pursue new challenges with passion and courage.
- Respect for All  
Act with integrity and encourage everyone’s potential.

### (2) Management Philosophy of the OMRON Group

In addition to this revision of the corporate principles, we have also newly established a Management Philosophy. This is a declaration to all stakeholders that represents the OMRON Group’s stance and way of thinking towards management in order to put the corporate principles into practice through its business. It will evolve according to the demands of the times and society.

Management Philosophy

We believe a business should create value for society through its key practices.

We are committed to sustainably increasing our long-term value by putting Our Mission and Values into practice.

- We uphold a long-term vision in our business practices to create solutions to society’s needs.
- We operate as a truly global company through our fair and transparent management practices.
- We cultivate strong relationships with all of our stakeholders through responsible engagement.

### (3) Consolidated Results

#### General Overview

In fiscal 2014 (ended March 31, 2015), the OMRON Group achieved increase in earnings and profits for the third consecutive year, and results set record highs for the second consecutive year. In particular, the industrial automation business achieved a substantial increase in earnings and profits, which made a major contribution to the increase in net sales and operating income of the OMRON Group.

The OMRON Group’s perception of the economic environment in fiscal 2014 is as follows.



#### Economic and Market Conditions by Region

Japan:	Although the impact of the increase in the consumption tax rate was evident in some sectors, conditions were firm overall.
United States:	Conditions were firm with recovery in personal consumption due to improvement in the employment and income environment and growth in corporate activity, among other factors.
Europe:	There was a downturn in business conditions in Russia and elsewhere, but demand was basically unchanged.
China:	Demand was firm, backed by increased investment centered on the electronic components and other industries.
Asia:	Conditions were firm overall due to a moderate rally in the economies of Thailand and Indonesia.

#### Conditions in the OMRON Group's Primary Related Markets

Automotive-related:	Capital investment demand was firm in Japan and overseas, and demand for components was firm overseas.
Semiconductor-related:	Capital investment demand recovered due to expansion of markets for smartphones and other products.
Machine tool-related:	Capital investment demand recovered in Japan and overseas.
Home appliance and electronic component-related:	Capital investment demand recovered moderately, and demand for components was firm in emerging markets and elsewhere.
Healthcare equipment-related:	Conditions were weak in Russia due to a downturn in business conditions but strong in other emerging markets.

Net sales	JPY 847,252 million, 9.6 percent increase year on year
Operating income	JPY 86,591 million, 27.2 percent increase year on year
Income before income taxes	JPY 87,388 million, 40.9 percent increase year on year
Net income attributable to shareholders	JPY 62,170 million, 34.6 percent increase year on year

Average exchange rates for fiscal 2014:

USD 1 = JPY 110.0                      EUR 1 = JPY 138.7

In addition, the OMRON Group started EARTH-1 Stage of VG2020, its new medium-term management plan from April 2014, and set "Start Up EARTH-1: Creation of an engine for 'self-driven' growth" as its policy for fiscal 2014. Specifically, the OMRON Group focused on implementation of existing business strategies (maximizing the strength of the industrial automation business), a super-global business strategy, expansion of new businesses for the "Optimization Society," profit structure reform and strengthening of global human resources. As a result, return on invested capital (ROIC) increased by 2.1 percentage points compared with the previous fiscal year to 13.4% and return on equity (ROE) increased by 1.9 percentage points compared with the previous fiscal year to 13.5%.

The average exchange rates for the year ended March 31, 2015 were USD 1 = JPY 110.0 (9.9 yen more than the previous fiscal year) and EUR 1 = JPY 138.7 (4.7 yen more than the previous fiscal year).

We sincerely thank all of our shareholders for their support and cooperation.

## **Results by Business Segment**

### **IAB: Industrial Automation Business**

#### Outline of business

Targets a wide range of customers in major manufacturing industries worldwide to provide manufacturing support through automation devices and services using sensing and control technology.

#### Major products/services

Programmable controllers, motion controllers, sensing devices, inspection systems, safety devices, precision laser processing equipment, control devices

In Japan, sales increased compared with the previous fiscal year due to strong demand for capital investment, mainly in automotive and electronic component-related industries, due to the gentle recovery in the economy. Overseas, in addition to strong demand in the automotive-related industry triggered by the robust US economy, there was also a significant increase in demand in the oil-related business in the Americas. In Europe, sales remained flat overall. In Greater China, sales increased significantly due to the growth in demand in the electronics component-related industry. In Asia, although currency devaluation had an effect, demand was strong for the electronics component-related industry and infrastructure. As a result, overseas sales for the fiscal year increased substantially compared with the previous fiscal year, with the additional impact of depreciation of the yen.

Operating income increased significantly compared with the previous fiscal year due to factors including the increase in sales, productivity improvements, and the impact of depreciation of the yen.

As a result, segment sales for the fiscal year totaled JPY 331,840 million, an increase of 13.7 percent compared with the previous fiscal year, and operating income totaled JPY 54,617 million, an increase of 40.9 percent compared with the previous fiscal year.

### **EMC: Electronic and Mechanical Components Business**

#### Outline of business

Provides built-in control components for commercial and consumer devices, automotive devices, environmental and energy devices, industrial equipment, built-in components for mobile devices such as mobile phones, etc.

#### Major products/services

Relays, switches, connectors, amusement components and units, sensors for consumers, face recognition software, image sensing component (HVC: human vision component)

In Japan, while demand from the professional/consumer-use markets was on par with the previous fiscal year, due to the weak demand in the automotive-related industry brought about by the increase in the consumption tax rate, sales decreased compared with the previous fiscal year.

Overseas, demand from the professional/consumer-use markets was firm in the Americas and Europe. In Greater China, performance was strong due to increase of market share in the home appliance industry in particular, in addition to new orders for business projects in the professional/consumer-use markets. In Asia, demand from automotive-related industries increased. As a result, overseas sales for the fiscal year increased substantially compared with the previous fiscal year, with the additional impact of depreciation of the yen.

Operating income increased compared with the previous fiscal year due to factors including the increase in sales and the impact of depreciation of the yen.

As a result, segment sales for the fiscal year totaled JPY 103,946 million, an increase of 6.4 percent compared with the previous fiscal year, and operating income totaled JPY 10,168 million, an increase of 17.5 percent compared with the previous fiscal year.

### **AEC: Automotive Electronic Components Business**

#### Outline of business

Conducts design, production, and sales of automotive electronics to vehicle and component manufacturers throughout the world.

#### Major products/services

Automotive body electronics controllers, electric power steering controllers, passive entry and push engine start systems, keyless entry systems, power window switches and various automotive switches, power conversion units and voltage monitoring units for electric vehicles

In Japan, sales decreased compared with the previous fiscal year due to factors including the impact of the increase in the consumption tax rate and poor sales by some customers.

Overseas, demand increased in the Americas underpinned by the strong US economy. In Greater China and elsewhere in Asia, demand was strong, with continued market expansion. As a result, overseas sales for the fiscal year increased substantially compared with the previous fiscal year, with the additional impact of depreciation of the yen.

Operating income increased compared with the previous fiscal year due to factors including the increase in sales and the impact of depreciation of the yen.

As a result, segment sales for the fiscal year totaled JPY 137,883 million, an increase of 8.9 percent compared with the previous fiscal year, and operating income totaled JPY 9,230 million, an increase of 1.6 percent compared with the previous fiscal year.

### **SSB: Social Systems, Solutions and Service Business**

#### Outline of business

Creates solutions using sensing & control technologies, software, and total maintenance services for safer, more secure, and more comfortable communities, and works with customers to contribute to building an optimized society.

#### Major products/services

Railway station service systems, traffic and road management systems, card payment services, security and safety solutions, environmental solutions, related maintenance business

In the public transportation systems business, while there was a rebound from the demand ahead of the increase in the consumption tax rate, investment demand for renewal of public transportation equipment was firm, and sales remained on par with the previous fiscal year.

In the traffic and road control systems business, sales decreased compared with the previous fiscal year due to a decline in investment demand for traffic control systems, etc.

In the environmental solutions business, sales increased compared with the previous fiscal year due to overall firm demand for solar power generation-related products, despite a temporary decrease in demand among some customers during the second half of the fiscal year.

Operating income decreased compared with the previous fiscal year because of the decrease in sales.

As a result, segment sales for the fiscal year were JPY 80,410 million, a decrease of 2.8 percent compared with the previous fiscal year, and operating income totaled JPY 4,993 million, a decrease of 10.1 percent compared with the previous fiscal year.

### **HCB: Healthcare Business**

#### Outline of business

Provides numerous types of products and services worldwide that helps with the prevention, improvement, and management of lifestyle diseases from household-use measurement devices to professional medical equipment in order to contribute to the health and comfortable life for people.

#### Major products/services

Digital blood pressure monitors, digital thermometers, body composition monitors, pedometers and activity meters, electric toothbrushes, sleep time monitors, sleep monitors, low-frequency therapy equipment, massagers, blood glucose monitors, biometric monitors, nebulizers, ECGs, vascular screening devices, visceral fat monitors, WellnessLINK services, Medical Link services

In Japan, as for healthcare equipment for household use, sales were strong due to the introduction of new products such as massagers and strengthened stores sales promotions for core products. Demand was weak for equipment for use in medical institutions due to the increase in the consumption tax rate and a decrease in medical fees. As a result, sales in Japan for the fiscal year increased compared with the previous fiscal year.

Overseas, in the Americas, sales were strong thanks to the introduction of new products such as low-frequency therapy equipment. In Europe, demand was weak due to a slump in the Russian economy and political instability in Ukraine. Sales were strong in China, India and other emerging markets in Asia as demand for healthcare equipment continued to increase. As a result, overseas sales for the fiscal year increased substantially compared with the previous fiscal year, with the additional impact of depreciation of the yen.

While sales increased due to introduction of new products and the expansion of business in emerging countries, operating income decreased compared with the previous fiscal year due to factors including upfront investment overseas and the impact of drastic exchange rate fluctuations during the second half of the fiscal year.

As a result, segment sales for the fiscal year were JPY 100,615 million, an increase of 12.7 percent compared with the previous fiscal year, and operating income totaled JPY 6,511 million, a decrease of 13.7 percent compared with the previous fiscal year.

## **Other Businesses**

(Environmental Business, Electronic Systems and Equipment Business, Micro Devices Business, Backlight Business)

### Outline of business

Develops and strengthens businesses as well as explores and develops new business fields under the direct control of headquarters.

### Major products/services

#### \*Environmental Business

Solar power conditioners, electrical power measuring and energy saving and management devices, power protection devices

#### \*Electronic Systems and Equipment Business

Uninterruptible power supplies, embedded computers for manufacturing industries, OEM development and manufacturing of electronic equipment

#### \*Micro Devices Business

MEMS microphones, MEMS pressure sensors, MEMS thermal sensors, MEMS flow sensors, analog ICs, contract chip manufacturing services  
(MEMS: Micro-Electro-Mechanical Systems)

#### \*Backlight Business

High-quality backlight units for LCDs

In the environmental business, sales increased compared with the previous fiscal year due to firm demand for solar power condensers driven by growing interest in the use of renewable energy, despite a temporary decrease in demand among some customers during the second half of the fiscal year.

In the electronic systems and equipment business, sales increased compared with the previous fiscal year due to strong demand for uninterruptible power supplies and development and contract manufacturing services for industrial embedded computers and electronic devices.

In the micro devices business, sales increased substantially compared with the previous fiscal year due to an increase in demand for microphones for smartphones.

In the backlight business, sales increased compared with the previous fiscal year due to an increase in demand for high-performance, thin backlights triggered by the expansion of the smartphone market, particularly in Greater China.

Despite increased sales in each business, operating income decreased compared with the previous fiscal year because of factors including upfront investment.

As a result, segment sales were JPY 87,382 million, an increase of 10.7 percent compared with the previous fiscal year, and operating income totaled JPY 8,366 million, a decrease of 3.6 percent compared with the previous fiscal year.

### Sales by Division (Consolidated) (OMRON Group)

Division	Amount (JPY millions)	Share of total (%)	Year-on-year comparison (%)
Industrial Automation Business	331,840	39	114
Electronic and Mechanical Components Business	103,946	12	106
Automotive Electronic Components Business	137,883	16	109
Social Systems, Solutions and Service Business	80,410	10	97
Healthcare Business	100,615	12	113
Other Businesses	87,382	10	111
Eliminations & Corporate	5,176	1	86
<b>Total</b>	<b>847,252</b>	<b>100</b>	<b>110</b>

Notes: 1. "Other Businesses" includes the environmental business, electronic systems and equipment business, micro devices business and backlight business.

2. "Eliminations & Corporate" includes the figures of subsidiaries and affiliates outside the scope of the above divisions.

#### (4) Capital Investment

The OMRON Group continued to press ahead with proactive capital investment to increase productivity and beef up production at manufacturing bases in emerging market areas, with the aim of enhancing the Group's competitive power for the future. As a result, total capital investment for the period was JPY 38,143 million, a 13.3 percent increase from the previous fiscal year.

Capital investment amounts by division were as shown below.

Division	Amount (JPY millions)
Industrial Automation Business	4,170
Electronic and Mechanical Components Business	9,530
Automotive Electronic Components Business	6,468
Social Systems, Solutions and Service Business	1,685
Healthcare Business	3,877
Other Businesses	6,932
Eliminations & Corporate	5,481
<b>Total</b>	<b>38,143</b>

Notes: 1. "Other Businesses" includes the environmental business, electronic systems and equipment business, micro devices business and backlight business.

2. "Eliminations & Corporate" includes the figures of head office divisions and subsidiaries and affiliates outside the scope of the above divisions.

#### (5) Capital Procurement

Due to an increase in capital caused by increased profit and increased efficiency of the Group's internal capital, the Group did not conduct any material external procurement of capital during the fiscal year.

## **(6) Issues Facing the Company**

The OMRON Group conducts its management based on a medium-to-long-term strategy, and established “Value Generation 2020” (VG2020), a ten-year long-term vision, in 2011. Under VG2020, the OMRON Group is conducting business activities targeting net sales of over JPY 1 trillion and an operating income margin of 15% as goals for fiscal 2020 with the aim of becoming a “global value-creating group that is qualitatively and quantitatively superior.”

VG2020 is composed of two stages, namely the GLOBE Stage and the EARTH Stage, and fiscal 2014 to fiscal 2016 will be the EARTH-1 Stage following the initial three-year GLOBE Stage, while fiscal 2017 to fiscal 2020 will be the EARTH-2 Stage. In EARTH-1 Stage, we have set a policy of “establishing a ‘self-driven’ growth structure” that can grow based on its own power in any operating environment, and the entire OMRON Group is working to strengthen “growth power,” “earning power” and “the power to deal with change” and to promote the diversity of its human resources.

From the perspective of “growth power,” we are dealing with the three priority issues of (1) rapid growth in Greater Asia (Greater China, ASEAN, India and South Korea), (2) acceleration of new businesses through innovation and (3) accelerated growth through cooperation with external parties, including acquisitions and alliances.

From the perspective of “earning power,” we are executing management with a strong awareness of ROIC and ROE, globally conducting matrix management that securely links business divisions (vertical) and head office functional divisions (horizontal), and working to continuously raise the gross profit margin (profit-generating power).

From the perspective of “the power to deal with change,” we are shifting management resources to growth businesses by conducting flexible resource management to strengthen business portfolio management (\*1). In addition, in strengthening comprehensive global risk management, we identify serious risks for the OMRON Group as a whole to deal flexibly with environmental changes inside and outside the Group.

For fiscal 2014, the first fiscal year of EARTH-1 Stage, we set a policy of “Start Up EARTH-1: Creation of an engine for ‘self-driven’ growth” and steadily executed strategies for self-driven growth in each business. Particular measures for growth power were as follows.

### **1) Rapid Growth in Greater Asia**

While proactively deepening and expanding markets in each business, we worked to establish a business foundation for further rapid growth, including expanding sales bases, strengthening technical support functions and setting up new product warehouses. At the same time, we built a growth platform by displaying the comprehensive capabilities of the OMRON Group through exhibitions and media in Asia, expanding our network with leading companies in major countries, and other measures.

### **2) Acceleration of New Businesses through Innovation**

We set up corporate venture capital to strengthen cooperation with venture companies and promoted open innovation (\*2) using the advanced technologies of external parties in fields such as agriculture and robotics.

### **3) Accelerated Growth through Cooperation with External Parties, Including Acquisitions and Alliances**

In the healthcare business, we acquired Brazil’s largest manufacturer and distributor of nebulizers, which are therapeutic devices for respiratory patients, and became the world’s leading company of the product. We also accelerated cooperation with external parties, with the option of acquisitions or alliances, in other businesses.

As a result of these initiatives, we surpassed our initial targets for fiscal 2014 by a large margin and achieved new record highs for sales and income for the second consecutive year. In addition, to strengthen returns to our shareholders, we plan to pay record-high annual dividends and have acquired and retired treasury stock to raise capital efficiency.

In light of the above performance and results for fiscal 2014, we have set a policy of “Accelerate EARTH-1: Accelerate the creation of an engine for ‘self-driven’ growth and pursue results” for fiscal 2015 as the second year of EARTH-1 Stage. By accelerating the creation of an engine for growth and fully utilizing our results to date, we will continue to strengthen “growth power,” “earning power” and “the power to deal with change.”

In particular, to achieve continuous growth over the medium-to-long-term, we will establish a new Chief Technology Officer (CTO) and work to further strengthen our technologies. By doing so, we will develop strong core technologies and further accelerate open innovation through cooperation with external parties. In addition, we conduct ROIC management and are steadily generating results. During fiscal 2014, Omron was selected as a Grand Prix recipient of the 2014 Corporate Value Improvement Award, which is hosted by the Tokyo Stock Exchange. In fiscal 2015, we will promote evolution of ROIC management under “ROIC 2.0” to achieve an even higher level of management in order to increase corporate value. In addition to clearly determining focal items for each business and actions to improve ROIC, we are working for its dissemination and entrenchment by linking actions to targets for individual employees. At the same time, we will invest proactively in growth businesses and high-profit businesses. Through this ROIC management, we will make every effort to maximize the value we provide to our stakeholders. Our targets for fiscal 2015 are net sales of JPY 900 billion, a gross profit margin of 39.6%, operating income of JPY 90 billion, net income attributable to shareholders of JPY 66.5 billion and ROIC of above 13%. We will make every effort to achieve the EARTH-1 Stage targets for net sales and operating income a year ahead of the original schedule.

- Notes: \*1. Business portfolio management: Business analysis and management method that consists of deciding on mutual combinations of individual products and businesses (portfolio) in consideration of the market, competition, and own company, and strategically allocating management resources in order to promote overall growth.
- \*2. Open innovation: Using not only the company’s own technologies, but also technologies and idea of other companies, universities, etc. and building strategic partnerships in order to create completely new value including innovative business models, innovative research outcome and product development.



**(7) Financial Assets and Profit and Loss**  
**Consolidated Financial Position and Operating Results**

(JPY millions)

	74th term (April 1, 2010 to March 31, 2011)	75th term (April 1, 2011 to March 31, 2012)	76th term (April 1, 2012 to March 31, 2013)	77th term (April 1, 2013 to March 31, 2014)	78th term (April 1, 2014 to March 31, 2015)
Net Sales	617,825	619,461	650,461	772,966	847,252
Operating Income	48,037	40,136	45,343	68,055	86,591
Income before Income Taxes	41,693	33,547	41,237	62,007	87,388
Net Income Attributable to Shareholders	26,782	16,389	30,203	46,185	62,170
Basic Net Income Attributable to Shareholders per Share (JPY)	121.66	74.46	137.20	209.82	283.89
Total Assets	562,790	537,323	573,637	654,704	711,011
Shareholders' Equity	312,753	320,840	366,962	430,509	489,769
Shareholders' Equity per Share (JPY)	1,421.03	1,457.51	1,667.04	1,956.06	2,254.37
Return on Equity (%)	8.7	5.2	8.8	11.6	13.5

Note: The Company prepares its Consolidated Financial Statements in accordance with generally accepted accounting principles in the United States (U.S. GAAP).

Operating income is presented as gross profit less selling, general and administrative expenses and research and development expenses.

**Non-Consolidated Financial Position and Operating Results**

(JPY millions)

	74th term (April 1, 2010 to March 31, 2011)	75th term (April 1, 2011 to March 31, 2012)	76th term (April 1, 2012 to March 31, 2013)	77th term (April 1, 2013 to March 31, 2014)	78th term (April 1, 2014 to March 31, 2015)
Net Sales	236,305	203,587	199,988	240,167	275,060
Ordinary Income	14,129	16,073	18,882	24,306	45,157
Net Income	6,636	8,728	6,654	19,432	31,697
Net Income per Share (JPY)	30.14	39.65	30.23	88.28	144.74
Total Assets	397,073	363,992	358,833	381,438	406,711
Net Assets	221,914	224,245	227,055	240,133	257,499
Net Assets per Share (JPY)	1,006.74	1,017.88	1,031.46	1,091.07	1,185.23

**(8) Principal Subsidiaries**

(As of March 31, 2015)

Name	Capital (JPY millions)	Parent ownership (%)	Principal business
OMRON KANSAI-SEIGYO Corporation	310	100.0	Sale of industrial automation control equipment
OMRON Relay & Devices Corporation	300	100.0	Electronic components for household appliances and communications devices
OMRON Automotive Electronics Co., Ltd.	5,000	100.0	Automotive electronic components
OMRON Social Solutions Co., Ltd.	5,000	100.0	Social systems
OMRON Healthcare Co., Ltd.	5,021	100.0	Healthcare and medical devices
OMRON Management Center of America, Inc.	(Thousands of U.S. dollars) 6,890	100.0	Regional management of business in the Americas
OMRON Europe B.V.	(Thousands of Euro) 16,883	100.0	Regional management of business, and supervision of industrial automation business in Europe
OMRON (China) Co., Ltd.	(Thousands of RMB) 1,468,771	100.0	Regional management of business in China
OMRON Asia Pacific Pte. Ltd.	(Thousands of Singapore dollars) 47,888	100.0	Regional management of business and supervision of industrial automation business in Southeast Asia

The OMRON Group consists of 158 consolidated subsidiaries and 11 affiliates accounted for using the equity method including the above companies.

There are no unconsolidated subsidiaries or affiliates unaccounted for by the equity method.

**(9) Principal Places of Business, etc.**

(As of March 31, 2015)

OMRON	Headquarters (Head Office)	Shimogyo-ku, Kyoto
	Tokyo Office (Branch Office)	Minato-ku, Tokyo
	Places of Business	Mishima Office (Mishima City, Shizuoka Pref.), Nagoya Office (Nishi-ku, Nagoya City), Yasu Office (Yasu City, Shiga Pref.), Kusatsu Office (Kusatsu City, Shiga Pref.), Ayabe Office (Ayabe City, Kyoto Pref.), Osaka Office (Kita-ku, Osaka City), Okayama Office (Naka-ku, Okayama City)
	Research Site	Keihanna Technology Innovation Center (Kizugawa City, Kyoto Pref.)
Subsidiaries	Japan	OMRON KANSAI-SEIGYO Corporation (Kita-ku, Osaka City) OMRON Relay & Devices Corporation (Yamaga City, Kumamoto Pref.) OMRON Automotive Electronics Co., Ltd. (Komaki City, Aichi Pref.) OMRON Social Solutions Co., Ltd. (Minato-ku, Tokyo) OMRON Healthcare, Co., Ltd. (Muko City, Kyoto Pref.)
	Overseas	OMRON Management Center of America, Inc. (Illinois, U.S.A.) OMRON Europe B.V. (Hoofddorp, the Netherlands) OMRON (China) Co., Ltd. (Beijing, China) OMRON Asia Pacific Pte. Ltd. (Singapore)

**(10) Employees****OMRON Group Employees (Consolidated)**

(As of March 31, 2015)

Number of employees	Change from March 31, 2014
37,572	Increase of 730 employees

Note: Number of employees refers to full time employees (people assigned by the OMRON Group to work outside the OMRON Group are excluded; people assigned from outside the OMRON Group to work within the OMRON Group are included).

**OMRON Group Employees (Consolidated) by Region**

(As of March 31, 2015)

Japan	the Americas	Europe	Greater China	Southeast Asia, etc.	Total
11,375 employees	2,714 employees	2,057 employees	15,808 employees	5,618 employees	37,572 employees
30.3%	7.2%	5.5%	42.0%	15.0%	100.0%

**(11) Major Lenders**

There were no major lenders at the end of the fiscal year ended March 31, 2015.

## 2. Stock Information (As of March 31, 2015)

(1) Total Number of Issuable Shares 487,000,000 shares

(2) Total Number of Shares Issued 217,397,872 shares (including 144,467 shares of treasury stock)

(3) Number of Shareholders 34,832

### (4) Major Shareholders (Top Ten Shareholders)

Shareholder	Number (thousands of shares)	Percentage Held (%)
Japan Trustee Services Bank, Ltd. (trust account)	9,083	4.18
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,713	3.55
The Master Trust Bank of Japan, Ltd. (trust account)	7,314	3.36
The Bank of Kyoto, Ltd.	7,069	3.25
The Chase Manhattan Bank 385036	4,209	1.93
State Street Bank & Trust Company 505225	3,690	1.69
Nippon Life Insurance Company	3,640	1.67
CBNY-Government of Norway	3,515	1.61
State Street Bank & Trust Company	3,401	1.56
OMRON Employee Stockholding Association	3,090	1.42

Notes: 1. The percentage of shares is calculated excluding treasury stock.

2. On December 15, 2014, The Bank of Tokyo-Mitsubishi UFJ, Ltd and its four joint-holder companies filed an amendment to the major shareholding status report stating that they held 17,370 thousand shares of the Company (representing 7.65% of the total number of shares issued) as of December 8, 2014. However, the OMRON Group has not been able to confirm the number of shares currently possessed by them as of the end of the fiscal year under review, and therefore the status of major shareholders stated above is based on the shareholder register as of the end of the fiscal year under review.

3. On January 21, 2015, BlackRock Japan Co., Ltd. and its eight joint-holder companies filed a major shareholding status report stating that they held 11,429 thousand shares of the Company (representing 5.26% of the total number of shares issued) as of January 15, 2015. However, the OMRON Group has not been able to confirm the number of shares currently possessed by them as of the end of the fiscal year under review, and therefore the status of major shareholders stated above is based on the shareholder register as of the end of the fiscal year under review.

### (5) Other Significant Information Related to Stock

By the resolution at the Board of Directors meeting held on October 28, 2014, the Company acquired 2,823,500 shares of its common stock and retired treasury stock (including those previously held) as follows:

Class of shares retired	Common stock of the Company
Number of shares retired	9,723,500 shares

### (6) Breakdown of Shareholders by Type

Category	Status of Shares (1 unit = 100 shares)						Odd-Lot Shares
	Financial Institutions	Securities Companies	Other Domestic Companies	Foreign Investors (Individuals)	Individuals and Others	Total	
Number of shareholders	128	70	365	576 (14)	29,591	30,730	—
Number of shares owned (units)	705,233	39,801	123,632	1,032,860 (67)	269,907	2,171,433	254,572 shares
Percent of total (%)	32.48	1.83	5.69	47.57 (0.00)	12.43	100.00	—

Notes: 1. Of the 144,467 shares of treasury stock in the shareholder register as of March 31, 2015, 144,400 shares are included in the “Individuals and Others” column, and 67 shares are included in “Odd-Lot Shares.”

2. The “Other Domestic Companies” column above includes 2 units of stock in the name of the Japan Securities Depository Center, Inc.

### 3. Stock Acquisition Rights of the Company

(1) Overview of the description of stock acquisition rights, etc. granted to officers of the Company at the end of the fiscal year under review as compensation for the execution of duties assigned to them  
None applicable.

(2) Overview of the description of stock acquisition rights, etc. granted to the employees of the Company, and officers and employees of subsidiaries in the fiscal year under review as compensation for their execution of duties  
None applicable.

(3) Other significant matters concerning stock acquisition rights, etc.

The Board of Directors of the Company resolved, at the meeting held on June 24, 2014, to issue performance-linked stock acquisition rights with charge to directors in order to increase their motivation to meet the performance goals in the medium-to-long term management plan “EARTH-1 Stage,” and to create shareholder value in the medium-to-long term so as to encourage directors to own shares of the Company.

	Resolution date of issuance	Persons to be allotted the stock acquisition rights	Number of stock acquisition rights to be allotted	Class and number of shares subject to be issued upon exercise of the stock acquisition rights (100 shares per right)	Amount to be paid for exercise of stock acquisition rights (per right)	Amount to be contributed upon exercise of the stock acquisition rights (per share)	Stock acquisition rights exercisable period
7th stock acquisition rights	June 24, 2014	5 Directors excluding Directors (Independent)	173	Common stock 17,300 shares	JPY 28,000	JPY 4,335	From July 1, 2017 to June 30, 2019

(Note) A holder of stock acquisition rights can exercise the allotted stock acquisition rights to the extent of the number of rights corresponding to the exercisable ratio in the table below on the basis of consolidated net sales for the fiscal year ending March 31, 2017. Other conditions regarding the exercise of the rights are defined by the agreements made and entered into between the Company and the holder of stock acquisition rights.

Consolidated net sales for the fiscal year ending March 31, 2017	Exercisable ratio
When net sales exceed JPY 800 billion	33%
When net sales exceed JPY 850 billion	50%
When net sales exceed JPY 900 billion	67%
When net sales exceed JPY 925 billion	75%
When net sales exceed JPY 950 billion	84%
When net sales exceed JPY 975 billion	92%
When net sales exceed JPY 1 trillion	100%

#### 4. Directors and Audit & Supervisory Board Members

##### (1) Names and Other Information of Directors and Audit & Supervisory Board Members

Title	Name	Areas of Responsibility and Significant Concurrent Positions
Chairman of the Board	Fumio Tateishi	Chairman of the Board of Directors Member of the CEO Selection Advisory Committee
Representative Director and President	Yoshihito Yamada	CEO
Representative Director and Executive Vice President	Yoshinori Suzuki	CFO Member of the Personnel Advisory Committee
Director and Executive Vice President	Akio Sakumiya	Vice Chairman of the Personnel Advisory Committee Vice Chairman of the CEO Selection Advisory Committee Vice Chairman of the Compensation Advisory Committee
Director	Koji Nitto	Senior Managing Executive Officer Senior General Manager of Global Strategy H.Q. Member of the Compensation Advisory Committee
Director (Independent)	Kazuhiko Toyama	Chairman of the Personnel Advisory Committee Chairman of the CEO Selection Advisory Committee Chairman of the Corporate Governance Committee Member of the Compensation Advisory Committee CEO of Industrial Growth Platform, Inc. Outside Director of PIA Corporation Outside Audit & Supervisory Board Member of Central Nippon Expressway Company Limited (resigned in June 2014)
Director (Independent)	Eizo Kobayashi	Chairman of the Compensation Advisory Committee Vice Chairman of the Corporate Governance Committee Member of the Personnel Advisory Committee Member of the CEO Selection Advisory Committee Chairman of ITOCHU Corporation Chairman of ITOCHU Foundation Chairman of Japan Foreign Trade Council, Inc. Outside Director of Nippon Venture Capital Co., Ltd. Outside Audit & Supervisory Board Member of Asahi Mutual Life Insurance Company

Title	Name	Significant Concurrent Positions
Audit & Supervisory Board Member (Full-time)	Masayuki Tsuda	
Audit & Supervisory Board Member (Full-time)	Tokio Kawashima	
Audit & Supervisory Board Member (Independent)	Eisuke Nagatomo	President and CEO of EN Associates Co., Ltd. Outside Director of kabu.com Securities Co., Ltd. Outside Director of Miroku Joho Service Co., Ltd. Outside Audit & Supervisory Board Member of NIKKISO CO., LTD.
Audit & Supervisory Board Member (Independent)	Yoshifumi Matsumoto	Partner, of Miyake & Partners, Attorney at Law

Notes: 1. Directors (Independent) Kazuhiko Toyama and Eizo Kobayashi, and Audit & Supervisory Board Members (Independent) Eisuke Nagatomo and Yoshifumi Matsumoto have provided notification as Independent Officers to Tokyo Stock Exchange, Inc. Details of “The Company’s policy regarding the independence of Outside Officers” are described on page 11.

2. Mr. Kazuhiko Toyama currently serves as President and CEO of Industrial Growth Platform, Inc. (IGPI). While the Group has concluded a consulting contract with the IGPI Group, transaction accounts for less than 1% of the consolidated net sales of the Group and those of the IGPI Group. In addition, Mr. Toyama had concurrently served as an Outside Audit & Supervisory Board Member of Central Nippon Expressway Company Limited (“Central Nippon Expressway”) until June 2014, with which the Group has a business relationship that includes sales of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the Central Nippon Expressway Group.
3. Mr. Eizo Kobayashi concurrently serves as Chairman of ITOCHU Corporation (“ITOCHU”), with which the Group has a business relationship that includes sales of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the ITOCHU Group. In addition, Mr. Kobayashi concurrently serves as an Outside Director of Nippon Venture Capital Co., Ltd., of which the Company holds 1.39% of the total number of shares issued.
4. Mr. Eisuke Nagatomo concurrently serves as an Outside Audit & Supervisory Board Member of NIKKISO CO., LTD. (“NIKKISO”), with which the Group has a business relationship that includes sales of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the NIKKISO Group.
5. There are no special relationships between the Company and significant concurrent employers of other Outside Officers.
6. Audit & Supervisory Board Member (Full-time) Masayuki Tsuda has years of experience in the finance and accounting departments of the Company, and has considerable knowledge regarding finance and accounting.
7. Audit & Supervisory Board Member (Full-time) Tokio Kawashima has years of work experience in financial institutions, and has considerable knowledge regarding finance and accounting.
8. Mr. Eisuke Nagatomo holds prominent positions including Member of the Board, Managing Director, and Chief Self-regulatory Officer of Tokyo Stock Exchange Group, Inc.; member of the Business Accounting Council of the Financial Services Agency; and Director of the Financial Accounting Standards Foundation; and has considerable knowledge regarding finance and accounting.
9. Changes in Directors’ and Audit & Supervisory Board Members’ positions in the fiscal year under review are as follows.
  - (Appointment) At the 77th Ordinary General Meeting of Shareholders held on June 24, 2014, Mr. Koji Nitto was newly elected and appointed as Director.
  - (Retirement) At the close of the 77th Ordinary General Meeting of Shareholders held on June 24, 2014, Mr. Yoshinobu Morishita resigned from the position of Director due to the expiration of his term of office.

## (2) Compensation of Directors and Audit & Supervisory Board Members

### 1) Policy on Determining Amount of Compensation, etc., and Methods Used for Calculation

Based on a resolution of the Board of Directors, the Company has a Compensation Advisory Committee to increase objectivity and transparency with respect to the compensation of Directors and Audit & Supervisory Board Members. The Compensation Advisory Committee is composed of four members, excluding the Chairman and President of the Company, and is chaired by a Director (Independent) on the Board of Directors, and sets the Company's fundamental principles for compensation of officers.

For the compensation of Directors and Audit & Supervisory Board Members, the Compensation Advisory Committee is consulted and discusses the compensation of each individual, then makes recommendations based on the Company's compensation principles.

The amount of compensation for each Director is determined by resolution of the Board of Directors and the amount of compensation for each Audit & Supervisory Board Member is determined by discussions among the Audit & Supervisory Board Members. These amounts are within the scope of the aggregate compensation amounts for all Directors and all Audit & Supervisory Board Members as each has been set by resolution of the General Meeting of Shareholders.

The Company has introduced medium-term performance-linked bonuses from fiscal 2014 and issued performance-linked stock acquisition rights in an effort to give Directors incentive to achieve the medium-term management targets and to strengthen the governance of compensation.

In response to the introduction of the new structure, the governance system regarding compensation of Directors, etc. consists of; (1) base salary, (2) yearly performance-linked bonuses, and (3) medium-term performance-linked bonuses, stock compensation and performance-linked stock acquisition rights. By introducing the new structure, the Company aims for encouraging Directors to continually enhance corporate value by positively achieving short, medium and long-term management targets.

Fundamental principles and basic policies for the compensation of Company's officers are as described on the following page.

### 2) Amount of Compensation of Directors and Audit & Supervisory Board Members

(JPY millions)

Title	Number (Persons)	Base Salary	Yearly Performance-Linked Bonuses	Medium-term Performance-Linked Bonuses	Aggregate Compensation
Directors [Directors (Independent)]:	8 [2]	358 [24]	236 [—]	— [—]	594 [24]
Audit & Supervisory Board Members [Audit & Supervisory Board Members (Independent)]:	4 [2]	82 [18]	— [—]	— [—]	82 [18]
Total [Officers (Independent) included in total]:	12 [4]	440 [42]	236 [—]	— [—]	676 [42]

Notes: 1. The above amounts include compensation paid to one (1) Director who retired at the close of the 77th Ordinary General Meeting of Shareholders held on June 24, 2014.

2. The maximum limit of the aggregate compensation of Directors was set at JPY 35 million per month at the 63rd Ordinary General Meeting of Shareholders held on June 27, 2000. In addition, the maximum limit of the aggregate compensation of Audit & Supervisory Board Members was set at JPY 7 million per month by resolution of the 60th Ordinary General Meeting of Shareholders held on June 27, 1997.

3. The above base compensation of Directors includes the amount paid as stock compensation to Directors, excluding Directors (Independent).

4. The above yearly performance-linked bonuses are the amounts that the Company plans to pay, provided that the proposal No. 5 "Payment of Yearly Performance-Linked Bonuses to Directors" at this Ordinary General Meeting of Shareholders is approved and resolved as originally proposed.

5. Medium-term performance-linked bonuses are performance incentives linked to the degree of achievement of medium-term management targets, which will be paid out after completion of the last year under a medium-



term management plan. Fiscal 2014 falls under the first year of the medium-term management plan; therefore, no such bonuses are paid out.

6. No Directors of the Company received any employee wages other than their compensation as Directors.

#### **Fundamental Principles for Compensation of Officers**

- Compensation of officers shall be based on the implementation of the Company’s mission and corporate principles.
- The Company shall pay compensation that enables it to recruit (hire) outstanding personnel as officers.
- The compensation structure shall contribute to long-term maximization of corporate value by providing motivation for officers.
- The compensation structure shall maintain a high level of transparency, fairness and rationality to achieve accountability to shareholders and other stakeholders.
  - To ensure transparency, fairness and rationality in the compensation of individual officers, each officer’s compensation shall be set following consultation with the Compensation Advisory Committee.
- The purpose of compensation shall be made clear, and a compensation plan shall be created according to the role of each individual officer.

#### **Policy for Compensation of Directors**

- Compensation of Directors shall consist of a base salary, yearly performance-linked bonuses and medium-term performance-linked bonuses.
  - The Company shall provide base salaries that enable it to recruit (hire) outstanding personnel capable of implementing the Company’s mission and corporate principles.
  - The Company shall provide yearly performance-linked bonuses as performance incentives with emphasis on yearly results.
    - The amount of yearly performance-linked bonuses shall be based on a standard amount for each position, and shall be determined according to the degree of achievement and growth rate for evaluation indicators for bonuses, including income before income taxes, return on invested capital (ROIC), net income attributable to shareholders and cash dividends per share.
  - To ensure thorough implementation of the Company’s long-term management plan, the Company shall provide the following two types of compensation linked to medium-to-long-term performance as incentives for meeting medium-term management targets.
    - The Company shall pay medium-term performance-linked bonuses depending on the achievement of medium-term management targets.
    - The Company shall grant stock compensation (Note 1) as compensation linked to maximization of corporate value (shareholders’ value).
- Separate from the compensation stated above, the Company shall issue performance-linked stock acquisition rights. (Note 2)
  - Performance-linked stock acquisition rights shall be issued under the condition of the achievement of medium-term management targets by Directors and a rise of the Company’s stock price. The objectives are to create medium-to-long-term shareholder value and encourage Directors to own shares of the Company.
- Compensation of Directors (Independent) consists of base salary only due to the nature of their role and independency.
- No retirement bonuses shall be paid.
- The level of compensation shall be determined taking into account the levels at other companies surveyed using a specialized outside institution.

#### **Policy for Compensation of Audit & Supervisory Board Members**

- Compensation of Audit & Supervisory Board Members shall consist of base salary only sufficient to ensure recruitment (hiring) of excellent personnel.
- No retirement bonuses shall be paid.
- The level of compensation shall be determined taking into account the levels at other companies surveyed using a specialized outside institution.

Notes: 1. Stock compensation is based on guidelines for payments to Directors of a fixed amount of compensation each month, which they use to make monthly purchases of the Company’s stock (through the officers’ stockholding association), and hold this stock during their term of office.

2. The performance-linked stock acquisition rights are issued with charge at a price equivalent to the fair value of the stock acquisition rights, thus the amount to be paid in exchange for stock acquisition rights is not favorable for individuals who are allotted the stock acquisition rights. Because of this, the stock acquisition rights do not fall under the category of compensation of Directors, and thus they shall be issued via a resolution by the Board of Directors of the Company.

### **(3) Items Related to Directors (Independent) and Audit & Supervisory Board Members (Independent)**

#### **1) Concurrent Positions as Executive Director or Outside Officer of Other Companies**

As listed in “(1) Names and Other Information of Directors and Audit & Supervisory Board Members.”

#### **2) Main Activities in the Past Fiscal Year**

	Name	Main Activities
Directors (Independent)	Kazuhiko Toyama	Attended 12 of the 13 Board of Directors meetings held during the period (attendance rate: 92.3%), and made statements as necessary mainly from his perspective as a manager with abundant experience. He currently serves as Chairman of the Personnel Advisory Committee, CEO Selection Advisory Committee and Corporate Governance Committee.
	Eizo Kobayashi	Attended 12 of the 13 Board of Directors meetings held during the period (attendance rate: 92.3%), and made statements as necessary mainly from his perspective as a manager with abundant experience. He currently serves as Chairman of the Compensation Advisory Committee.
Audit & Supervisory Board Members (Independent)	Eisuke Nagatomo	Attended all 13 of the 13 Board of Directors meetings and all 13 of the 13 Audit & Supervisory Board meetings held during the period, and made statements as necessary mainly from his perspective as a manager with abundant experience.
	Yoshifumi Matsumoto	Attended all 13 of the 13 Board of Directors meetings and all 13 of the 13 Audit & Supervisory Board meetings held during the period, and made statements as necessary mainly from a specialist’s viewpoint as an attorney.

#### **3) Summary of Details of Limited Liability Agreements**

The Company has established a provision in its articles of incorporation for limited liability agreements with Directors (Independent) and Audit & Supervisory Board Members (Independent) to ensure that they can adequately fulfill their expected roles. Based on this provision in the articles of incorporation, the Company has entered into limited liability agreements with all of the Directors (Independent) and Audit & Supervisory Board Members (Independent) based on the relevant provision of the articles of incorporation. These agreements limit their liability for damages with respect to the liabilities of Article 423-1 of the Companies Act to JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher, when the Director (Independent) or Audit & Supervisory Board Member (Independent) has performed his duties in good faith and has not been grossly negligent.

## 5. Accounting Auditors

### (1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

### (2) Amount of Compensation of Accounting Auditors for the Fiscal Year Ended March 31, 2015

1)	Total amount of compensation to be paid to the Accounting Auditor by the Company and its subsidiaries	JPY 216 million
2)	Of the total amount in 1), total amount to be paid by the Company and its subsidiaries as compensation for audit certification services	JPY 208 million
3)	Of the total amount in 2), amount of compensation as Accounting Auditor to be paid by the Company	JPY 159 million

Notes: 1. The amount of audit compensation under the Companies Act and the amount of audit compensation for the audit of financial statements, fourth quarter review and audit of the Internal Control System under the Financial Instruments and Exchange Law are not separated in the audit contract between the Company and the Accounting Auditor, and cannot be separated practically. Therefore, the amount in 3) is stated as the total of these.

2. Among the Company's principal consolidated subsidiaries, OMRON Management Center of America, Inc., OMRON Europe B.V. and OMRON Asia Pacific Pte. Ltd. receive audits by an auditor other than the Accounting Auditor of the Company.

### (3) Contents of Services other than Services of Article 2-1 of the Certified Public Accountants Act (Non-Audit Services)

The Company commissions and pays the Accounting Auditor to perform voluntary audit and other services other than the services in Article 2-1 of the Certified Public Accountants Act (a non-audit service).

### (4) Policy for Dismissal or Non-Reappointment of Accounting Auditor

The Company may dismiss or decline to reappoint the Accounting Auditor for any of the following reasons:

- 1) If the Board of Directors judges that the Accounting Auditor is unable to carry out its duties properly, the Board may submit to the shareholders' meeting a proposal for the dismissal or non-reappointment of the Accounting Auditor after obtaining the consent of the Audit & Supervisory Board.
- 2) If the Audit & Supervisory Board judges that the Accounting Auditor is unable to carry out its duties properly, it may request Directors to submit a proposal to the shareholders' meeting for the dismissal or non-reappointment of the Accounting Auditor, and the Board of Directors may place this proposal on the agenda of the shareholders' meeting.
- 3) If the Audit & Supervisory Board judges that any of the numbered items in Article 340-1 of the Companies Act apply, it may dismiss the Accounting Auditor with the consent of all Audit & Supervisory Board Members.

Note: The above describes the policies as of the end of the fiscal year. However, under the "Act for partial revision of the Companies Act" (Act No. 90 of 2014), which became effective on May 1, 2015, the authority to resolve proposals concerning appointment and dismissal of Accounting Auditors, and non-reappointment of Accounting Auditors is held by the Audit & Supervisory Board. As a result, the policy for dismissal or non-reappointment of Accounting Auditors has been resolved by the Audit & Supervisory Board at the meeting held on April 27, 2015.

## **6. Systems and Policies of the Company**

### **(1) Systems to Ensure that Execution of Directors' Duties Conforms to Laws and the Articles of Incorporation and Systems to Ensure Appropriateness of Other Operations (Basic Policy on Maintenance of Internal Control System)**

Based on the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company has set the Internal Control System of the Company and its subsidiaries ("the OMRON Group") as follows:

#### **1. Corporate Principles of the OMRON Group**

The following is set and practiced as the OMRON Group's corporate principles.

##### **Our Mission**

To improve lives and contribute to a better society

##### **Our Values**

The values that are important for us

- Innovation Driven by Social Needs  
Be a pioneer in creating inspired solutions for the future.
- Challenging Ourselves  
Pursue new challenges with passion and courage.
- Respect for All  
Act with integrity and encourage everyone's potential.

#### **2. Corporate Governance Philosophy of the OMRON Group**

Based on the "corporate principles," the OMRON Group holds responsible dialogue with all of its stakeholders, will work to build an optimal management structure and ensure appropriate disclosures and transparency, and create and operate management oversight mechanisms to ensure that these efforts will be carried out.

#### **3. System to Ensure that Execution of Duties by Directors and Employees of the OMRON Group Conforms to Laws and Regulations and the Articles of Incorporation**

- (1) The Company has more than one Director (Independent), separates the positions of Chairman of the Board of Directors, and President (CEO), and takes other measures to strengthen management oversight by the Board of Directors.
- (2) The Company has established Advisory Committees in the Board of Directors on personnel, compensation and nomination of the president. These Committees, which are chaired by Directors (Independent), are responsible for providing advice on appointment and compensation of Directors and Executive Officers, as well as selection of candidates for President for the next term, and increasing the objectivity and transparency of decisions.
- (3) The Company has established the Corporate Governance Committee chaired by a Director (Independent) as an Advisory Committee to the Board of Directors. This Committee is responsible for continually enhancing corporate governance at the Company and increase management fairness and transparency.
- (4) The OMRON Group CSR Practice Guidelines show the Group's basic policies for practicing "socially responsible corporate management," and specific action guidelines for officers and employees, and are disseminated to promote legal compliance.
- (5) The key theme of "socially responsible corporate management" is promoting corporate ethics and compliance in the OMRON Group. The Corporate Ethics & Risk Management Committee has been established as an organization to promote this key theme. As specific activities, the president himself issues instructions on corporate ethics and compliance, providing opportunities to disseminate awareness. In addition, the Company conducts regular training and education for employees on corporate ethics and compliance.
- (6) The Company has set up a whistleblower hotline both inside and outside the Company to receive reports of acts that are, or could potentially be, in violation of the OMRON Group CSR Practice Guidelines, work rules or laws. In accordance with laws and internal company rules, the content of these reports is protected as confidential, and employees may not be given unfavorable treatment for making such reports.
- (7) With the aim of realizing highly transparent management, the Company positions information disclosure as an important task, and has established an Information Disclosure Executive Committee directly under the president to promote the disclosure. The Committee engages in

activities to ensure the accuracy, timeliness and completeness of information disclosure across the OMRON Group, and proactively makes disclosure to the public according to the standard set out by the Group.

- (8) The Company has set up an internal control department directly under the president to conduct operational audits.
- (9) To ensure the propriety of the OMRON Group's financial reporting, a system has been established that enables reports to be submitted appropriately in accordance with laws and regulations through measures such as monitoring by internal audit divisions after each division conducts its own review of maintenance and operation of business processes.
- (10) The OMRON Group's policy on exclusion of antisocial forces is defined in the OMRON Group CSR Practice Guidelines.

#### **4. System for Storage and Management of Information Related to Execution of Directors' Duties**

- (1) Under the Board of Directors Rules, the minutes of Board of Directors meetings are recorded and kept for 10 years.
- (2) Under the Management Rules, which state the basic policy and principles for Group management and decision making, decision reports are issued for decisions on significant issues. Decision reports, minutes of Executive Committee meetings, and other important documents showing the state of execution of duties are preserved and managed in accordance with laws and internal company rules.

#### **5. Regulations and Other Systems Concerning Loss Risk Management of the OMRON Group**

- (1) The Company will engage in risk management integrating all activities that entail risks on a global scale, to ensure the Company's survival and to secure the achievement of corporate objectives while fulfilling its corporate social responsibility.
- (2) The Company will strive to avoid, mitigate and transfer risk of loss through collecting information on and conducting analysis of risks while taking countermeasures against them, in accordance with the Basic Rules for Integrated Global Risk Management.
- (3) Significant risks for the OMRON Group shall be designated, and Group-wide response measures are across all internal companies shall be determined at Executive Committee meetings.
- (4) When a crisis occurs, the Company makes reports, transmits information, and assembles the necessary response teams in accordance with the procedures specified in the Basic Rules for Global Crisis Management.

#### **6. Systems to Ensure Efficient Execution of Duties by Directors of the OMRON Group**

- (1) The Company uses the Executive Officer system and keeps the number of Directors small to ensure substantive discussion and swift decision making at Board of Directors meetings.
- (2) In addition to the Board of Directors, the Company has an Executive Committee, which discusses and decides on significant business execution issues within the scope of the president's authority.
- (3) The Company uses an internal company system, and promotes faster decision making and efficient business operations by delegating substantial authority to the president of each internal company.
- (4) The OMRON Group performs its duties in accordance with the division of duties and scope of decision-making authority set forth based on a concept of proper control and prompt decision making as basic principles
- (5) The OMRON Group establishes a medium-to-long term management plan. In order to substantiate this management plan, it formulates a business plan in each fiscal year.

#### **7. System to Report to the Company on Matters concerning Execution of Duties by Directors of Subsidiaries**

Information regarding operational results, financial status and other significant matters of subsidiaries must be reported to respective superior units responsible for the management of subsidiaries in accordance with the internal regulations, etc.

#### **8. Systems to Ensure Effectiveness of Audit & Supervisory Board Members**

- (1) An Audit & Supervisory Board Office with dedicated full-time support staff has been established to assist Audit & Supervisory Board Members in performing their duties. The staff members of the

Audit & Supervisory Board Office perform their work under the supervision and instruction of the Audit & Supervisory Board Members.

- (2) Personnel evaluations, appointments and transfers of the staff of Audit & Supervisory Board Office are carried out with the consent of the Audit & Supervisory Board.
- (3) A system is in place for Directors, Audit & Supervisory Board Members and employees of the OMRON Group and those who have been reported from any of them to immediately report to Audit & Supervisory Board Members of the Company regarding incidents of material violations of laws and/or articles of incorporation, misconduct within the OMRON Group, or information relating to potential risk of significant loss to the company, in accordance with predetermined regulations and procedures. Notwithstanding these, the Audit & Supervisory Board Members of the Company may request reports from Directors and employees of the OMRON Group at any time as needed. The Company shall not treat whistleblowers in an unfair way on the ground of reporting of wrongdoing.
- (4) When Audit & Supervisory Board Members request for advance payment of expenses pertaining to the execution of their duties in accordance with Article 388 of the Companies Act, the Company shall handle the request in a prompt manner.
- (5) As a mechanism for securing an effective audit by Audit & Supervisory Board Members, systems are in place for the Audit & Supervisory Board to hold periodic interviews of Directors and Executive Officers, periodically exchange views with the president, periodically exchange information with Accounting Auditors, and receive operational reports from Executive Officers. In addition, the Internal Audit Manager is invited to Audit & Supervisory Board meetings and makes internal audit reports.
- (6) Half or more of the Audit & Supervisory Board Members are Audit & Supervisory Board Members (Independent), including legal professionals such as attorneys and Certified Public Accountants, or individuals with extensive knowledge of finance and accounting, to enhance audit objectivity and effectiveness.
- (7) Audit & Supervisory Board Members attend and state their opinions at Board of Directors meetings as well as Executive Committee meetings and other important meetings.

## **(2) Policy on Setting Dividends**

Pursuant to the articles of incorporation, the Company presents proposals for setting dividends to the General Meeting of Shareholders, except for interim dividends, which are set by resolution of the Board of Directors.

OMRON views its dividend policy as one of its most important management issues, and applies the following basic policy in regard to distribution of profits to shareholders.

In order to maximize corporate value over the long term, internal capital resources will be secured for measures that will increase corporate value. These measures include investments in R&D and capital investments, which are vital to future business expansion.

After taking into consideration the required investments for future growth and the level of free cash flow, surplus will be distributed to the shareholders to the maximum extent possible.

For dividends in each fiscal year, OMRON's policy is to enhance stable, uninterrupted profit distributions by taking into account consolidated results as well as indicators including dividends on equity (DOE), which is return on equity (ROE) multiplied by the payout ratio, although this is subject to the level of internal capital resources necessary in each fiscal year. Specifically, the dividend payout ratio of over 25% has been applied for the fiscal year ended March 31, 2015 based on the previously set policy. In addition, the Company raises its payout ratio target to 30% from the next fiscal year (fiscal 2015), a year ahead of its original schedule, which had "aimed at 30% dividend payout ratio by fiscal 2016," with a view to further improving returns to shareholders on a medium-term. The Company will conform to the original DOE target of 2%.

Utilizing retained earnings that have been accumulated over a long period of time, OMRON intends to strategically repurchase and retire the Company's stock in a manner that benefits shareholders.

# Consolidated Financial Statements

## Consolidated Balance Sheets

(JPY millions)

Item	78th term (As of March 31, 2015)	(Reference) 77th term (As of March 31, 2014)	Item	78th term (As of March 31, 2015)	(Reference) 77th term (As of March 31, 2014)
<b>ASSETS</b>			<b>LIABILITIES</b>		
<b>Current Assets:</b>	<b>434,096</b>	<b>396,493</b>	<b>Current Liabilities:</b>	<b>176,762</b>	<b>162,707</b>
Cash and cash equivalents	102,622	90,251	Short-term debt	—	488
Notes and accounts receivable — trade	178,775	174,216	Notes and accounts payable — trade	92,702	85,218
Allowance for doubtful receivables	(1,624)	(1,812)	Accrued expenses	41,942	39,897
Inventories	116,020	97,677	Income taxes payable	3,680	6,340
Deferred income taxes	19,941	22,688	Other current liabilities	38,438	30,764
Other current assets	18,362	13,473	<b>Deferred Income Taxes</b>	<b>697</b>	<b>2,167</b>
<b>Property, Plant and Equipment:</b>	<b>151,452</b>	<b>135,566</b>	<b>Termination and Retirement Benefits</b>	<b>30,393</b>	<b>50,683</b>
Land	26,721	26,344	<b>Other Long-Term Liabilities</b>	<b>11,065</b>	<b>6,369</b>
Buildings	147,120	140,495	<b>Total Liabilities</b>	<b>218,917</b>	<b>221,926</b>
Machinery and equipment	202,149	171,192	<b>NET ASSETS</b>		
Construction in progress	6,619	7,126	<b>Shareholders' Equity:</b>	<b>489,769</b>	<b>430,509</b>
Accumulated depreciation	(231,157)	(209,591)	Common stock	64,100	64,100
<b>Investments and Other Assets:</b>	<b>125,463</b>	<b>122,645</b>	Capital surplus	99,070	99,067
Investments in and advances to affiliates	24,318	21,349	Legal reserve	13,403	11,196
Investment securities	57,106	51,117	Retained earnings	301,174	287,853
Leasehold deposits	6,971	6,950	Accumulated other comprehensive income (loss):	12,489	(15,162)
Deferred income taxes	6,366	20,918	Foreign currency translation adjustments	26,313	4,536
Other assets	30,702	22,311	Pension liability adjustments	(36,486)	(38,029)
			Unrealized gains on available- for-sale securities	22,478	18,466
			Net gains (losses) on derivative instruments	184	(135)
			Treasury stock, at cost	(467)	(16,545)
			<b>Noncontrolling Interests</b>	<b>2,325</b>	<b>2,269</b>
			<b>Total Net Assets</b>	<b>492,094</b>	<b>432,778</b>
<b>Total Assets</b>	<b>711,011</b>	<b>654,704</b>	<b>Total Liabilities and Net Assets</b>	<b>711,011</b>	<b>654,704</b>

Note: The amounts above are rounded to the nearest million JPY.



## Consolidated Statements of Income

(JPY millions)

Item	78th term (April 1, 2014 to March 31, 2015)	(Reference) 77th term (April 1, 2013 to March 31, 2014)
Net sales	847,252	772,966
Cost of sales	514,645	475,758
Gross profit	332,607	297,208
Selling, general and administrative expenses	198,103	181,225
Research and development expenses	47,913	47,928
Other expenses (income), net	(797)	6,048
Income before income taxes	87,388	62,007
Income taxes	28,893	19,475
(Current)	(16,955)	(17,305)
(Deferred)	(11,938)	(2,170)
Equity in loss (earnings) of affiliates	(3,937)	(3,782)
Net income	62,432	46,314
Net income attributable to noncontrolling interests	262	129
Net income attributable to shareholders	62,170	46,185

Notes: 1. The amounts above are rounded to the nearest million JPY.

2. Income taxes for the 78th term include the reversal of deferred tax assets (JPY 2,057 million), following the enactment of the law concerning reduction of income tax rates, etc.

(Reference)

**Consolidated Statements of Comprehensive Income (Loss)**

(JPY millions)

	78th term (April 1, 2014 to March 31, 2015)	77th term (April 1, 2013 to March 31, 2014)
Net income	62,432	46,314
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	21,846	18,945
Pension liability adjustments	1,543	1,701
Unrealized gains on available-for-sale securities	4,012	8,886
Net gains (losses) on derivative instruments	319	(160)
Other comprehensive income (loss)	27,720	29,372
Comprehensive income	90,152	75,686
(Breakdown)		
Comprehensive income attributable to noncontrolling interests	331	314
Comprehensive income attributable to shareholders	89,821	75,372

Note: The amounts above are rounded to the nearest million JPY.

## Consolidated Statements of Shareholders' Equity

(JPY millions)

	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total shareholders' equity	Non-controlling interests	Total net assets
(Reference)									
Balance, end of the 76th term	64,100	99,066	10,876	253,654	(44,349)	(16,385)	366,962	1,801	368,763
Net income				46,185			46,185	129	46,314
Cash dividends paid to OMRON Corporation shareholders				(11,666)			(11,666)		(11,666)
Equity transactions with noncontrolling interests and other							—	154	154
Transfer to legal reserve			320	(320)			—		—
Foreign currency translation adjustments					18,760		18,760	185	18,945
Pension liability adjustments					1,701		1,701		1,701
Unrealized gains on available-for-sale securities					8,886		8,886		8,886
Net gains (losses) on derivative instruments					(160)		(160)		(160)
Acquisition of treasury stock						(161)	(161)		(161)
Sale of treasury stock		1				1	2		2
<b>Balance, end of the 77th term</b>	<b>64,100</b>	<b>99,067</b>	<b>11,196</b>	<b>287,853</b>	<b>(15,162)</b>	<b>(16,545)</b>	<b>430,509</b>	<b>2,269</b>	<b>432,778</b>
Net income				62,170			62,170	262	62,432
Cash dividends paid to OMRON Corporation shareholders				(15,513)			(15,513)		(15,513)
Cash dividends paid to noncontrolling interests							—	(277)	(277)
Equity transactions with noncontrolling interests and other							—	2	2
Transfer to legal reserve			2,207	(2,207)			—		—
Foreign currency translation adjustments					21,777		21,777	69	21,846
Pension liability adjustments					1,543		1,543		1,543
Unrealized gains on available-for-sale securities					4,012		4,012		4,012
Net gains (losses) on derivative instruments					319		319		319
Acquisition of treasury stock						(15,054)	(15,054)		(15,054)
Sale of treasury stock		0				1	1		1
Retirement of treasury stock		(2)		(31,129)		31,131	—		—
Issuance of stock acquisition rights		5					5		5
<b>Balance, end of the 78th term</b>	<b>64,100</b>	<b>99,070</b>	<b>13,403</b>	<b>301,174</b>	<b>12,489</b>	<b>(467)</b>	<b>489,769</b>	<b>2,325</b>	<b>492,094</b>

Note: The amounts above are rounded to the nearest million JPY.

(Reference)

## Consolidated Statements of Cash Flows

(JPY millions)

Item	78th term (April 1, 2014 to March 31, 2015)	77th term (April 1, 2013 to March 31, 2014)
<b>I Operating Activities:</b>		
1. Net income	62,432	46,314
2. Adjustments to reconcile net income to net cash provided by operating activities:		
(1) Depreciation and amortization	28,339	25,089
(2) Net loss on sales and disposals of property, plant equipment and other assets	3,432	1,146
(3) Loss on impairment of property, plant and equipment	137	804
(4) Net gain on sales of investment securities	(4,337)	(1,714)
(5) Loss on impairment of investment securities and other assets	166	501
(6) Termination and retirement benefits	(17,427)	(4,417)
(7) Deferred income taxes	11,938	2,170
(8) Equity in loss (earnings) of affiliates	(3,937)	(3,782)
(9) Changes in assets and liabilities	(5,266)	12,014
(10) Other, net	1,580	919
Total adjustments	14,625	32,730
<b>Net cash provided by operating activities</b>	<b>77,057</b>	<b>79,044</b>
<b>II Investing Activities:</b>		
1. Capital expenditures	(37,123)	(32,218)
2. Proceeds from sales or maturities of investment securities	5,274	2,840
3. Acquisition of business, net of cash acquired	(8,003)	(672)
4. Other, net	335	(1,075)
<b>Net cash used in investing activities</b>	<b>(39,517)</b>	<b>(31,125)</b>
<b>III Financing Activities:</b>		
1. Net borrowings (repayments) of short-term debt	(853)	(5,135)
2. Dividends paid by the Company	(12,985)	(10,566)
3. Acquisition of treasury stock	(15,054)	(161)
4. Other, net	(411)	(436)
<b>Net cash used in financing activities</b>	<b>(29,303)</b>	<b>(16,298)</b>
<b>IV Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>4,134</b>	<b>2,922</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>12,371</b>	<b>34,543</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>	<b>90,251</b>	<b>55,708</b>
<b>Cash and Cash Equivalents at End of the Year</b>	<b>102,622</b>	<b>90,251</b>

Note: The amounts above are rounded to the nearest million JPY.

## Notes to Consolidated Financial Statements

### Basis of Presenting Consolidated Financial Statements

#### Significant Accounting Policies

##### 1. Principles of Consolidation

The Consolidated Financial Statements include all the Company's 158 subsidiaries.

##### 2. Application of Equity Method

Investments in the Company's 11 affiliated companies are accounted for using the equity method.

##### 3. Basis of Consolidated Financial Statements

The Company prepares its Consolidated Financial Statements in conformance with the terminology, form and preparation methods based on accounting principles generally accepted in the United States of America, in accordance with Article 120(2) of the Company Accounting Regulations. However, certain entries and notes required by accounting principles generally accepted in the United States of America have been omitted, in conformance with the same paragraph.

##### 4. Valuation standards and methods for inventories

Domestic inventories are mainly stated at the lower of cost, determined by the first-in, first-out method, or market value. Also, overseas inventories are mainly stated at the lower of cost, determined by the moving-average method, or market value.

##### 5. Valuation standards and methods for securities

The Company applies U.S. Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic (hereinafter, "FASB ASC") 320, "Investments – Debt and Equity Securities."

Held-to-maturity securities:	Reported at amortized cost
Available-for-sale securities:	Reported at fair value on the balance sheet date. (The cost of securities sold is determined on the average cost basis.)

##### 6. Fixed assets are depreciated by the following methods:

Property, plant and equipment:	Principally on a declining-balance method
Intangible fixed assets:	Straight-line method (However, in accordance with FASB ASC 350, "Intangibles—Goodwill and Other," assets with indefinite useful lives are not amortized but are tested for impairment at least annually.)

##### 7. Accounting standards for reserves are as follows:

Allowance for doubtful receivables: An allowance for doubtful receivables is established in amounts considered to be appropriate based primarily upon the Companies' past credit loss experience and an evaluation of potential losses within the outstanding receivables.

Termination and retirement benefits: Termination and retirement benefits are accounted for and are disclosed in accordance with FASB ASC 715, "Compensation-Retirement Benefits" based on the fiscal year-end fair value of plan assets and the projected benefit obligations of employees.

Unrecognized prior service cost is expensed using the straight-line method based on the average remaining length of service of employees.

Unrecognized actuarial net losses are expensed using the straight-line method based on the average remaining length of service of employees for the amount exceeding the "corridor" (10% of projected benefit obligation or fair value of plan assets, whichever is greater).

##### 8. Accounting Treatment of Consumption Taxes

Consumption taxes and other value-added taxes have been excluded from sales.

## 9. Goodwill

The Companies account for their goodwill and other intangible assets in accordance with FASB ASC 350, “Intangibles – Goodwill and Other.”

## Notes Related to Consolidated Balance Sheets

### Guarantees

Guaranteed parties

Employees

Total

JPY 1 million

JPY 1 million

## Notes Related to Consolidated Statements of Income

The major components of “Other expenses (income), net” are as follows:

Net loss on sales and disposals of property, plant equipment and other assets	JPY 3,432 million
Loss on impairment of investment securities and other assets	JPY 166 million
Loss on impairment of property, plant and equipment	JPY 137 million
Net gain on sales of investment securities	JPY (4,337) million

## Notes Related to Financial Instruments

### 1. Matters Related to Financial Instruments

The Company limits its fund management to short-term deposits and similar instruments, and raises capital through borrowings from banks and other financial institutions. Investment securities are mainly publicly traded stocks. In regard to derivative transactions, the Company enters into foreign exchange forward contracts and commodity swaps. The Company does not use derivatives for trading purposes.

### 2. Matters Related to Fair Value, etc. of Financial Instruments

The amounts recorded on the Consolidated Balance Sheet on March 31, 2015 (78th consolidated account settlement date), fair value and differences are as follows.

(JPY millions)

	Balance Sheet Amount (*)	Fair Value (*)	Difference
(1) Investment securities	52,718	52,718	—
(2) Derivatives			
Other current assets	1,605	1,605	—
Other current liabilities	(2,082)	(2,082)	—

(\*) Amounts accounted for in liabilities are shown in parentheses.

Notes: 1. Method of calculation of fair value of financial instruments

- (1) The fair values of cash and cash equivalents, notes and accounts receivable-trade, leasehold deposits, short-term debt, and notes and accounts payable-trade are estimated to be essentially equivalent to the balance sheet amounts.
  - (2) Investment Securities  
Stocks are valued at the quoted market price.
  - (3) Derivatives  
Estimated using dealer transaction prices or valuation models.
2. The fair value of unlisted securities (JPY 4,388 million in the Consolidated Balance Sheets) is not practically estimable because they have no readily determinable public market value and their future cash flow cannot be estimated. Therefore, they are not included in (1) Investment securities.

## Notes Related to Per-share Data

1. Net income attributable to shareholders per share, basic	JPY 283.89
2. Net income attributable to shareholders per share, diluted	JPY 283.89
3. Shareholders' equity per share	JPY 2,254.37

## Subsequent Events

No significant event took place since March 31, 2015.

## Non-consolidated Financial Statements

### Non-consolidated Balance Sheets

(JPY millions)

Item	78th term (As of March 31, 2015)	(Reference) 77th term (As of March 31, 2014)	Item	78th term (As of March 31, 2015)	(Reference) 77th term (As of March 31, 2014)
<b>ASSETS</b>			<b>LIABILITIES</b>		
<b>Current Assets:</b>	<b>133,121</b>	<b>119,774</b>	<b>Current Liabilities:</b>	<b>139,515</b>	<b>118,583</b>
Cash and time deposits	36,222	26,155	Notes payable - trade	1,267	1,202
Notes receivable - trade	1,021	1,218	Accounts payable - trade	24,215	22,421
Accounts receivable - trade	50,543	40,386	Short-term borrowings from affiliated companies	89,165	69,865
Securities	25	25	Lease liabilities	682	770
Finished products	8,850	6,404	Other payables	7,910	8,120
Materials	2,678	2,505	Accrued expenses	10,219	9,934
Work in process	3,835	4,139	Income taxes payable	498	2,403
Supplies	547	524	Advances received	24	22
Short-term loans receivable	110	120	Deposits received	1,019	962
Short-term loans to affiliates	16,489	21,369	Accrued bonus to officers	236	194
Other accounts receivable	2,942	6,113	Other current liabilities	4,280	2,690
Other receivable	3,635	3,998	<b>Long-term Liabilities:</b>	<b>9,697</b>	<b>22,722</b>
Deferred income taxes	4,935	7,049	Long-term borrowings from affiliated companies	4,840	4,631
Other current assets	4,282	2,771	Lease liabilities	983	1,071
Allowance for doubtful receivables	(2,993)	(3,002)	Termination and retirement benefits	—	14,382
<b>Fixed Assets:</b>	<b>273,590</b>	<b>261,664</b>	Accrued bonus to officers	101	—
<b>Property and equipment:</b>	<b>36,144</b>	<b>36,189</b>	Deferred tax liabilities	265	—
Buildings	16,801	17,821	Deferred tax liabilities related to revaluation	1,302	1,464
Structures	1,052	1,058	Other long-term liabilities	2,206	1,174
Machinery and equipment	1,402	665	<b>Total Liabilities</b>	<b>149,212</b>	<b>141,305</b>
Vehicles and delivery equipment	2	2	<b>NET ASSETS</b>		
Tools, furniture and fixtures	1,579	1,398	<b>Shareholders' Equity:</b>	<b>240,106</b>	<b>235,015</b>
Land	13,391	13,391	<b>Common stock</b>	<b>64,100</b>	<b>64,100</b>
Lease assets	1,445	1,492	<b>Capital surplus</b>	<b>88,771</b>	<b>88,772</b>
Construction in progress	472	362	Additional paid-in capital	88,771	88,771
<b>Intangible fixed assets:</b>	<b>6,302</b>	<b>8,471</b>	Other capital surplus	0	1
Software and others	6,302	8,471	<b>Retained earnings</b>	<b>87,706</b>	<b>98,725</b>
<b>Investments and other assets:</b>	<b>231,144</b>	<b>217,004</b>	Legal reserve	6,774	6,774
Investment securities	50,339	34,903	Other retained earnings:	80,932	91,951
Investments in affiliated companies	151,253	139,309	Reserve for dividends	3,400	3,400
Contribution to affiliated companies	20,918	20,918	Non-restrictive reserve	73,500	73,500
Long-term advances to affiliates	37	5,472	Retained earnings unappropriated	4,032	15,051
Leasehold deposits	4,484	4,495	<b>Treasury stock, at cost</b>	<b>(471)</b>	<b>(16,582)</b>
Prepaid pension cost	1,955	—	<b>Valuation and Translation Adjustments:</b>	<b>17,388</b>	<b>5,118</b>
Deferred income taxes	—	10,427	Unrealized gains on available-for- sale securities	21,613	9,586
Other	2,220	1,626	Deferred hedge gain (loss)	14	(67)
Allowance for doubtful receivables	(62)	(146)	Land revaluation difference	(4,239)	(4,401)
			<b>Stock acquisition rights</b>	<b>5</b>	<b>—</b>
			<b>Total Net Assets</b>	<b>257,499</b>	<b>240,133</b>
<b>Total Assets</b>	<b>406,711</b>	<b>381,438</b>	<b>Total Liabilities and Net Assets</b>	<b>406,711</b>	<b>381,438</b>

Note: The amounts above are rounded to the nearest million JPY.

## Non-consolidated Statements of Income

(JPY millions)

Item	78th term (April 1, 2014 to March 31, 2015)	(Reference) 77th term (April 1, 2013 to March 31, 2014)
<b>Net sales</b>	<b>275,060</b>	<b>240,167</b>
Cost of sales	153,583	131,779
<b>Gross profit</b>	<b>121,477</b>	<b>108,388</b>
Selling, general and administrative expenses	90,187	87,096
<b>Operating income</b>	<b>31,290</b>	<b>21,292</b>
<b>Non-operating income:</b>	<b>16,014</b>	<b>7,308</b>
Interest and dividends received	13,487	5,267
Other non-operating income	2,527	2,041
<b>Non-operating expenses:</b>	<b>2,147</b>	<b>4,294</b>
Interest paid	516	427
Cash discount on sales	700	672
Quality handling expenses	603	78
Other non-operating expenses	328	3,117
<b>Ordinary income</b>	<b>45,157</b>	<b>24,306</b>
<b>Extraordinary gains:</b>	<b>286</b>	<b>141</b>
Gain on sales of property and equipment	8	2
Gain on sales of investment securities	278	139
Other extraordinary gains	0	0
<b>Extraordinary losses:</b>	<b>2,839</b>	<b>2,214</b>
Loss on sales and disposal of property, equipment and intangible fixed assets	2,815	251
Other extraordinary losses	24	1,963
<b>Income before income taxes:</b>	<b>42,604</b>	<b>22,233</b>
Income taxes - current	2,498	1,369
Income taxes - deferred	8,409	1,432
<b>Net income</b>	<b>31,697</b>	<b>19,432</b>

Note: The amounts above are rounded to the nearest million JPY.



**Non-consolidated Statements of Changes in Shareholders' Equity**  
78th Term: April 1, 2014 — March 31, 2015

(JPY millions)

	Shareholders' equity								
	Common stock	Capital surplus			Legal reserve	Retained earnings			Total retained earnings
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other retained earnings			
						Reserve for dividends	Non-restrictive reserve	Retained earnings unappropriated	
Balance at April 1, 2014	64,100	88,771	1	88,772	6,774	3,400	73,500	15,051	98,725
Cumulative effects of changes in accounting policies				—				1,432	1,432
Restated balance	64,100	88,771	1	88,772	6,774	3,400	73,500	16,483	100,157
Changes during the year ended March 31, 2015									
Dividends paid				—				(12,985)	(12,985)
Net income				—				31,697	31,697
Acquisition and sale of treasury stock			0	0					—
Retirement of treasury stock			(1)	(1)				(31,163)	(31,163)
Net change in items other than shareholders' equity during the year				—					—
Total changes during the fiscal year	—	—	(1)	(1)	—	—	—	(12,451)	(12,451)
Balance at March 31, 2015	64,100	88,771	0	88,771	6,774	3,400	73,500	4,032	87,706

	Shareholders' equity		Valuation and translation adjustment				Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred hedge gain (loss)	Land revaluation difference	Total valuation and translation adjustment		
Balance at April 1, 2014	(16,582)	235,015	9,586	(67)	(4,401)	5,118	—	240,133
Cumulative effects of changes in accounting policies		1,432				—		1,432
Restated balance	(16,582)	236,447	9,586	(67)	(4,401)	5,118	—	241,565
Changes during the year ended March 31, 2015								
Dividends paid		(12,985)				—		(12,985)
Net income		31,697				—		31,697
Acquisition and sale of treasury stock	(15,053)	(15,053)				—		(15,053)
Retirement of treasury stock	31,164	—				—		—
Net change in items other than shareholders' equity during the year		—	12,027	81	162	12,270	5	12,275
Total changes during the fiscal year	16,111	3,659	12,027	81	162	12,270	5	15,934
Balance at March 31, 2015	(471)	240,106	21,613	14	(4,239)	17,388	5	257,499

Note: The amounts above are rounded to the nearest million JPY.

## Non-consolidated Statements of Changes in Shareholders' Equity (Reference)

77th Term: April 1, 2013 — March 31, 2014

(JPY millions)

	Shareholders' equity								
	Common stock	Capital surplus			Legal reserve	Retained earnings			Total retained earnings
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other retained earnings			
						Reserve for dividends	Non-restrictive reserve	Retained earnings unappropriated	
Balance at April 1, 2013	64,100	88,771	—	88,771	6,774	3,400	73,500	6,185	89,859
Changes during the year ended March 31, 2014									
Dividends paid				—				(10,566)	(10,566)
Net income				—				19,432	19,432
Acquisition and sale of treasury stock			1	1					—
Net change in items other than shareholders' equity during the year				—					—
Total changes during the fiscal year	—	—	1	1	—	—	—	8,866	8,866
Balance at March 31, 2014	64,100	88,771	1	88,772	6,774	3,400	73,500	15,051	98,725

	Shareholders' equity		Valuation and translation adjustment				Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred hedge gain (loss)	Land revaluation difference	Total valuation and translation adjustment	
Balance at April 1, 2013	(16,422)	226,308	5,121	27	(4,401)	747	227,055
Changes during the year ended March 31, 2014							
Dividends paid		(10,566)				—	(10,566)
Net income		19,432				—	19,432
Acquisition and sale of treasury stock	(160)	(159)				—	(159)
Net change in items other than shareholders' equity during the year		—	4,465	(94)		4,371	4,371
Total changes during the fiscal year	(160)	8,707	4,465	(94)	—	4,371	13,078
Balance at March 31, 2014	(16,582)	235,015	9,586	(67)	(4,401)	5,118	240,133

Note: The amounts above are rounded to the nearest million JPY.

## Notes to Non-consolidated Financial Statements

### Significant Accounting Policies

1. Valuation standards and method for securities

Common stock of subsidiaries and affiliates: Stated at cost using the moving-average method

Other marketable securities:

Securities to which market value applies: Stated at market value based on market prices, etc.  
(Unrealized gains and losses are reported in a separate component of equity and selling prices are determined by the moving-average method.)

Securities to which market value does not apply: Stated at cost using the moving-average method

2. Derivatives are stated at fair value.

3. Inventories are stated at cost, determined by the first-in, first-out method. Inventories are stated on the Non-consolidated Balance Sheets at book value after adjustment to reflect reduced profitability.

4. Fixed assets are depreciated by the following methods:

Property and equipment (excluding leased assets): Declining balance method (Useful lives of buildings are generally 15-50 years)

Intangible fixed assets (excluding leased assets): Straight-line method (Estimated useful life of software is 3-5 years)

Leased Assets:

Leased assets related to finance lease transactions without ownership transfer: Straight-line method with the lease period as the useful life and zero residual value.

5. Deferred charges are charged to income in their full amount when they are paid or incurred.

6. The allowance for doubtful receivables is established based on the Company's past credit loss experience for ordinary receivables, and evaluation of financial condition for receivables at risk of default and receivables from customers in bankruptcy.

7. The provision for officers' bonuses is provided based on the projected amount required to be paid at the end of the term to cover payment of bonuses to Directors and Auditors.

8. The termination and retirement benefits is provided based on the projected amount of pension plan assets and retirement benefit obligations at the end of the fiscal year.

Past service cost is expensed using the straight-line method over 15 years, based on the average remaining length of service of employees at the time the cost is incurred.

Actuarial gains or losses are expensed in a proportionally divided amount using the straight-line method over 15 years, starting from the fiscal year following the fiscal year in which gains or losses are occurred, based on the average remaining length of service of employees at the time the gains or losses are incurred in each fiscal year.

As the amount of pension plan assets exceeded retirement benefit obligations, after adjustment of unrecognized past service cost and unrecognized actuarial gains or losses, at the end of the fiscal year, it is recoded as prepaid pension cost on the Non-consolidated Balance Sheets.

9. Foreign-currency denominated credits and debts are translated to JPY according to spot exchange rates on the balance sheet date. Translation gains or losses are credited or charged to income.

10. The Company uses deferred hedge accounting as its hedge accounting method.

11. Consumption taxes and other value-added taxes have been excluded from sales.

Non-deductible consumption tax relating to assets, etc. is treated as period cost in the fiscal year of accrual.

12. The Company applies the consolidated taxation system.

### 13. Changes in accounting policies

(Application of accounting standards, etc. for retirement benefits)

The Company has adopted the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; hereinafter “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012; hereinafter “Guidance on Retirement Benefits”), whereby the method of calculating retirement benefit obligations and service cost has been reviewed. Based on the review, the method of attributing projected retirement benefits to each period has been changed from the straight-line basis to the benefit formula basis. The method of determining the discount rate has also been changed.

Retirement Benefits Accounting Standard, etc. has been adopted in accordance with transitional provisions stipulated in Paragraph 37 of the Retirement Benefits Accounting Standard. Accordingly, the amount of effect due to changes in method of calculating retirement benefit obligations and service cost is added to retained earnings unappropriated at the beginning of the fiscal year under review.

As a result, termination and retirement benefits and long-term deferred tax assets at the beginning of the fiscal year under review decreased by JPY 2,237 million and JPY 805 million, respectively, while retained earnings unappropriated increased by JPY 1,432 million.

The effect of these changes on income and loss and per share information for the fiscal year under review is immaterial.

## Notes to Non-consolidated Balance Sheets

1. Accumulated depreciation for property and equipment (Note: Includes accumulated impairment loss.)	JPY 68,463 million
2. Guarantees	
Guaranteed parties	
OMRON MALAYSIA SDN. BHD.	JPY 668 million
Employees	JPY 1 million
Total	<u>JPY 669 million</u>
3. Notes receivable discount	JPY 0 million
4. Financial Credits and Debts with Regard to Affiliates	
Short-term credits due from affiliated companies	JPY 54,640 million
Long-term credits due from affiliated companies	JPY 37 million
Short-term liabilities due to affiliated companies	JPY 110,792 million
Long-term liabilities due to affiliated companies	JPY 5,879 million

### 5. Land Revaluation Difference

The Company revalued land used for business operations on the basis prescribed by the Law Concerning Revaluation of Land (Cabinet Order No. 34, March 31, 1998) and the Revised Law Concerning Revaluation of Land (Cabinet Order No. 94, June 29, 2001). The resulting revaluation difference is stated in net assets as "Revaluation of land," net of deferred tax liabilities related to the revaluation.

#### Revaluation method:

The revaluation was based on calculations made with appropriate adjustments to prices registered in the land tax register, pursuant to Article 2, Item 3 of Cabinet Order No. 119 (March 31, 1998) of the Law Concerning Revaluation of Land, and on appraisal values given by property appraisers, as provided in Article 2, Item 5 of the same cabinet order.

Date of revaluation: March 31, 2002

The difference between the total market value at March 31, 2015, of land used for business operations that was revalued pursuant to Article 10 of the above law, and the total book value of such land after revaluation (the amount of market value less than book value) is JPY 3,696 million.

## Notes to Non-consolidated Statements of Income

Transactions with affiliated companies:

Sales to subsidiaries:	JPY 149,989 million
Purchases from subsidiaries:	JPY 116,206 million
Other transactions:	JPY 20,596 million
Non-operating transactions:	JPY 15,347 million

## Notes to Non-consolidated Statements of Changes in Shareholders' Equity

1. Number of shares issued and outstanding as of March 31, 2015:

Common stock 217,397,872 shares

2. Number of shares of treasury stock as of March 31, 2015:

Common stock 144,467 shares

3. Dividends

(1) Dividends paid

Resolution	Total amount (JPY millions)	Dividend per share (JPY)	Record date	Effective date
June 24, 2014 General Meeting of Shareholders	6,163	28.00	March 31, 2014	June 25, 2014
October 28, 2014 Board of Directors Meeting	6,823	31.00	September 30, 2014	December 2, 2014

(2) Dividends applicable to this fiscal year with an effective date in the following fiscal year

Scheduled resolution	Total amount (JPY millions)	Dividend per share (JPY)	Record date	Effective date
June 23, 2015 General Meeting of Shareholders	8,690	40.00	March 31, 2015	June 24, 2015

## Notes on Tax-Effect Accounting

1. Principal components of deferred tax assets and deferred tax liabilities are shown below.

Deferred tax assets	
Allowance for doubtful receivables	JPY 1,002 million
Inventories	JPY 740 million
Investment securities	JPY 2,111 million
Investments in affiliated companies	JPY 7,536 million
Accrued bonuses	JPY 2,441 million
Retirement benefit trust	JPY 2,210 million
Unspecified debt	JPY 935 million
Depreciable assets	JPY 2,220 million
Loss carried forward	JPY 414 million
Others	<u>JPY 1,224 million</u>
Deferred tax assets, Subtotal	JPY 20,833 million
Valuation Allowance	<u>JPY (6,363) million</u>
Deferred tax assets, Total	JPY 14,470 million
Deferred tax liabilities	
Unrealized gains on securities	JPY 8,942 million
Prepaid pension cost	JPY 637 million
Others	<u>JPY 221 million</u>
Deferred tax liabilities, Total	JPY 9,800 million
Net deferred tax assets	<u>JPY 4,670 million</u>

2. Revisions to the amount of deferred tax assets and liabilities due to a change in income tax rates

With the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 9 of 2015) officially announced on March 31, 2015, reduced corporate tax rates, etc. are applied from the fiscal year beginning on and after April 1, 2015. As a result, the statutory tax rate applied to the computation of deferred tax assets and deferred tax liabilities have been revised from the original 36% to 33% on those temporary differences expected to be recovered or settled in the fiscal year beginning on April 1, 2015, and to 32% on those expected to be recovered or settled in the fiscal year beginning on April 1, 2016 onward.

The revision to the tax rate has reduced deferred tax assets (the amount after deduction of deferred tax liabilities) by JPY 478 million, while income taxes - deferred, unrealized gains on available-for-sale securities and deferred hedge gain (loss) increased by JPY 1,597 million, JPY 1,118 million and JPY 1 million, respectively. Additionally, deferred tax liabilities related to revaluation decreased by JPY 162 million and land revaluation difference increased by the same amount.

## Transactions with Related Parties

### 1. Subsidiaries, affiliates and other related parties

Type	Name	Voting Rights Held by Company (%)	Relationship	Transactions	Amount of Transactions (JPY millions)	Accounts	Year-end Balance (JPY millions)
Subsidiary	OMRON SWITCH & DEVICES Corporation	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing <sup>2</sup>	5,041	Affiliate short-term borrowings	5,147
				Payment of interest <sup>4</sup>	22	Accrued expenses	—
Subsidiary	OMRON Amusement Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing <sup>2</sup>	5,084	Affiliate short-term borrowings	5,346
				Payment of interest <sup>4</sup>	22	Accrued expenses	—
Subsidiary	OMRON Field Engineering Co., Ltd.	Indirect ownership, 100%	Borrowing Dispatch of Directors	Borrowing <sup>2</sup>	9,848	Affiliate short-term borrowings	12,703
				Payment of interest <sup>4</sup>	43	Accrued expenses	—
Subsidiary	OMRON Relay & Devices Corporation	Direct ownership, 100%	Purchase of products Borrowing Dispatch of Directors	Purchase of components for electronic devices <sup>1</sup>	29,235	Accounts payable – trade	3,147
				Borrowing <sup>2</sup>	5,876	Affiliate short-term borrowings	8,241
				Payment of interest <sup>4</sup>	25	Accrued expenses	—
Subsidiary	OMRON ASO CO., Ltd	Direct ownership, 100%	Purchase of products Dispatch of Directors	Purchase of control devices <sup>1</sup>	25,867	Accounts payable - trade	1,863
Subsidiary	OMRON Automotive Electronics Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing <sup>2</sup>	7,073	Affiliate short-term borrowings	9,444
				Payment of interest <sup>4</sup>	29	Accrued expenses	—
Subsidiary	OMRON Finance Co., Ltd.	Direct ownership, 100%	Lending Dispatch of Directors	Lending <sup>3</sup>	6,699	Affiliate short-term loans	6,458
				Receipt of interest <sup>4</sup>	43	Accounts receivable	—
Subsidiary	OMRON Social Solutions Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing <sup>2</sup>	6,985	Affiliate short-term borrowings	4,306
				Payment of interest <sup>4</sup>	29	Accrued expenses	—
Subsidiary	OMRON Management Center of America, Inc.	Direct ownership, 100%	Lending Dispatch of Directors	Lending	4,519	Affiliate short-term loans	3,496
				Recovery of funds	1,320	Accounts receivable	—
				Receipt of interest <sup>4</sup>	10		
Subsidiary	OMRON Automotive Electronics Co., Ltd.	Indirect ownership, 100%	Lending Dispatch of Directors	Recovery of funds	9,238	Affiliate short-term loans	—
				Receipt of interest <sup>4</sup>	46	Accounts receivable	—
Subsidiary	OMRON Eletronica do Brasil Ltda.	Direct ownership, 100% Indirect ownership, 0%	Underwriting of capital increase	Underwriting of capital increase <sup>5</sup>	10,135	—	—



Type	Name	Voting Rights Held by Company (%)	Relationship	Transactions	Amount of Transactions (JPY millions)	Accounts	Year-end Balance (JPY millions)
Subsidiary	OMRON Europe B.V.	Direct ownership, 100%	Sales of products Borrowing Dispatch of Directors	Sales of control devices <sup>1</sup>	22,896	Accounts receivable – trade	4,379
				Borrowing	6,278	Affiliate short-term borrowings	17,561
				Payment of interest <sup>4</sup>	105	Accrued expenses	63
Subsidiary	OMRON Asia Pacific Pte. Ltd.	Direct ownership, 100%	Borrowing	Borrowing	4,135	Affiliate short-term borrowings	4,518
				Payment of interest <sup>4</sup>	15	Accrued expenses	—
Subsidiary	OMRON (China) Co., Ltd.	Direct ownership, 100%	Lending Borrowing Dispatch of Directors	Recovery of funds	5,693	Affiliate long-term loans	—
				Borrowing	4,433	Affiliate short-term borrowings	2,403
				Repayment of funds	2,750	Affiliate long-term borrowings	4,840
				Receipt of interest <sup>4</sup>	42	Accounts receivable	—
				Payment of interest <sup>4</sup>	67	Accrued expenses	31

#### Transaction Terms and Relevant Policies

- Notes:
1. Sales and purchase prices of products are determined with reference to the prevailing market prices and other information.
  2. For borrowing of funds, the parties enter into a contract using the pooling service of The Bank of Tokyo-Mitsubishi UFJ, Ltd., and funds are borrowed if the daily account balance of the concerned parties is JPY 1 or more. Borrowing and lending amounts are the average of the ending monthly balance for the relevant period (negative balance in the case of lending).
  3. For lending of funds, the parties enter into a contract using the pooling service of The Bank of Tokyo-Mitsubishi UFJ, Ltd., and funds are lent if the daily account balance of the concerned parties is less than JPY 0. Borrowing and lending amounts are the average of the ending monthly balance for the relevant period (negative balance in the case of borrowing).
  4. Loan interest is determined on the basis of market interest rates.
  5. The stated amount consists of JPY 9,843 million of monetary contribution and JPY 292 million of in-kind contribution underwritten by the Company for capital increase carried out by OMRON Eletronica do Brasil Ltda.

#### Per Share Information

1. Net assets per share JPY 1,185.23
2. Net income per share JPY 144.74

(TRANSLATION)

## INDEPENDENT AUDITOR'S REPORT

May 12, 2015

To the Board of Directors of  
OMRON Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Yasuhiro Onishi

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Teruhisa Tamai

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Hiroaki Sakai

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2015 of OMRON Corporation (the "Company") and its consolidated subsidiaries, and the consolidated statement of income, consolidated statement of shareholders' equity for the fiscal year from April 1, 2014 to March 31, 2015, and the related notes.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120-2 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Audit Opinion**

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under accounting principles generally accepted in the United States of America pursuant to the provisions of the second sentence of the first paragraph of Article 120-2 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of the Company and consolidated subsidiaries as of March 31, 2015, and the results of their operations for the year then ended.

### **Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

**INDEPENDENT AUDITOR'S REPORT**

May 12, 2015

To the Board of Directors of  
OMRON Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Yasuhiro Onishi

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Teruhisa Tamai

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Hiroaki Sakai

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2015 of OMRON Corporation (the "Company"), and the related statements of income and changes in net assets for the 78th fiscal year from April 1, 2014 to March 31, 2015, and the related notes and the accompanying supplemental schedules.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures

in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Audit Opinion**

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2015, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

### **Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

## **Audit Report**

With respect to the Directors' performance of their duties during the 78th business year (from April 1, 2014 to March 31, 2015), the Audit & Supervisory Board has prepared this audit report as a result of discussion based on the audit reports prepared by each Audit & Supervisory Board Member, and its report is as follows:

### **1 . Method and Contents of audit conducted by each Audit & Supervisory Board Member and the Audit & Supervisory Board**

The Audit & Supervisory Board has established the audit policies, assignment of duties, etc. and received a report from each Audit & Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the Directors, etc. and the Accounting Auditor regarding the status of performance of their duties, and requested explanations as necessary.

In conformity with the auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies and assignment of duties, etc. each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding with the Directors, the Internal Audit Division and other employees, etc., endeavored to collect information, maintain and improve the audit environment, attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets at the head office and other principal business locations.

Also, each Audit & Supervisory Board Member regularly received reports from Directors, employees and others, and requested explanations when deemed necessary, and expressed their opinions. about the design and operations of the internal control system, which was established based on the Board of Directors resolutions regarding the establishment of an internal control system, pursuant to Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan enforcement regulations as essential for ensuring that the execution of duties by Directors described in the business report conforms with laws and the Company's Articles of Incorporation and for otherwise ensuring proper business conduct by companies.

Each Audit & Supervisory Board Member received reports from the Directors on their self-assessment and from Deloitte Touche Tohmatsu LLC on their audit result, and requested explanations regarding such reports when necessary.

With respect to the subsidiaries, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with the Directors and Audit & Supervisory Board Members, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary.

Based on the above-described methods, each Audit & Supervisory Board Member examined the business report and annexed specifications for this business year.

In addition, each Audit & Supervisory Board Member monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary.

Each Audit & Supervisory Board Member was notified by the Accounting Auditor that it had established a "system to ensure that the performance of the duties of the Accounting Auditor was properly conducted" (the matters listed in the items of Article 131 of the Company Accounting Regulations) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, each Audit & Supervisory Board Member examined the accounting documents (Balance sheet, Profit and Loss statement, Shareholders' Equity Variation statement, and Schedule of Individual notes) and the annexed specifications thereto, as well as the consolidated accounting documents (Consolidated Balance sheet, Consolidated Profit and Loss statement, Consolidated Statement of Shareholders' Equity, and Schedule of Consolidated notes), for this business year.

## 2. Results of Audit

### (1) Results of Audit of Business Report, etc.

- (i) We affirm that the business report and the annexed specifications thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the articles of incorporation of the company.
- (ii) We affirm that no misconduct or material fact constituting a violation of any law or regulation or the articles of incorporation of the company was found with respect to the directors' performance of their duties.
- (iii) We affirm that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned regarding the contents of the business report concerning the internal control systems nor with respect to the directors' performance of their duties.

### (2) Results of Audit of Accounting Documents and their Annexed Specifications

We affirm that the methods and results of audit performed by the accounting auditor, Deloitte Touche Tohmatsu LLC, the Independent Auditor, are appropriate.

### (3) Results of Audit of Consolidated Accounting Documents

We affirm that the methods and results of audit performed by the accounting auditor, Deloitte Touche Tohmatsu LLC, the Independent Auditor, are appropriate.

May 13, 2015

OMRON Corporation  
Audit & Supervisory Board  
Masayuki Tsuda (Audit & Supervisory Board Member (Full-time))  
Tokio Kawashima (Audit & Supervisory Board Member (Full-time))  
Eisuke Nagatomo (Audit & Supervisory Board Member (Independent))  
Yoshifumi Matsumoto (Audit & Supervisory Board Member (Independent))

The above represents a translation, for convenience only, of the original report issued in the Japanese language.