

To All Shareholders

Stock Code: 6645
May 31, 2012

Yoshihito Yamada
President and Chief Executive Officer

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

**CONVOCATION NOTICE FOR THE 75TH ORDINARY GENERAL MEETING OF
SHAREHOLDERS (SUMMARY)**

Notice is hereby given that the 75th 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 such as the Internet. 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 Wednesday, June 20, 2012.

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

1. Date: Thursday, June 21, 2012, 10:00 a.m.
2. Place: Banquet room “Genji,” 3rd Floor of Hotel Granvia Kyoto (In Kyoto Station)
Karasuma-dori, Shiokoji-sagaru, Shimogyo-ku, Kyoto
3. Agenda:
 - A. Reports
 1. Content of the Business Report and Consolidated Financial Statements and Reports of the Accounting Auditors and Board of Corporate Auditors on the Results of Audits of Consolidated Financial Statements for the 75th Fiscal Year (April 1, 2011 to March 31, 2012)
 2. Content of the Financial Statements for the 75th Fiscal Year (April 1, 2011 to March 31, 2012)
 - B. Proposals
 - No. 1 Dividends from Retained Earnings
 - No. 2 Election of Seven (7) Directors
 - No. 3 Election of One (1) Corporate Auditor
 - No. 4 Election of One (1) Alternate Corporate Auditor
 - No. 5 Payment of 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 at least 20% 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 14 per share.

As the Company has paid an interim cash dividend of JPY 14 per share, total cash dividends for the fiscal year would be JPY 28 per share, a decrease of JPY 2 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 14 per share of common stock. Total amount JPY 3,081,865,822

(3) Effective date of the dividend:

June 22, 2012

No. 2: Election of Seven (7) Directors

The terms of all seven Directors will expire at the close of this General Meeting of Shareholders.

The Company therefore requests the election of seven (7) Directors.

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. Hisao Sakuta (September 6, 1944) Reelection	April 1968 Joined the Company June 1995 Appointed Director June 1999 Retired as Director, appointed Managing Executive Officer and General Manager of Management Strategy HQ June 2001 Appointed Senior Managing Executive Officer and President of Electronic Components Business Company June 2003 Appointed President & CEO June 2011 Appointed Chairman (to present) <i>Area of responsibility in the Company:</i> Chairman of the Board of Directors <i>Significant concurrent positions:</i> Chairman of Micromachine Center A member of the Board of Governors, NHK (Japan Broadcasting Corporation) Outside Director of KOKUYO Co., Ltd.	79,636
2	Mr. Fumio Tateishi (July 6, 1949) Reelection	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 HQ June 2003 Appointed Executive Officer and Executive Vice President, and President of Industrial Automation Business Company June 2008 Appointed Executive Vice Chairman (to present) <i>Area of responsibility in the Company:</i> Vice Chairman of CEO Selection Advisory Committee	1,237,514

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. Yoshihito Yamada (November 30, 1961) Reelection	<p>April 1984 Joined the Company</p> <p>June 2008 Appointed Executive Officer and President & CEO of OMRON Healthcare Co., Ltd.</p> <p>March 2010 Appointed Senior General Manager of Corporate Strategic Planning HQ</p> <p>June 2010 Appointed Managing Executive Officer</p> <p>June 2011 Appointed President & CEO (to present)</p> <p><i>Area of responsibility in the Company:</i> Chief Executive Officer</p> <p><i>Significant concurrent positions:</i> Chairman of Nippon Electric Control Equipment Industries Association</p>	12,699
4	Mr. Yoshinobu Morishita (September 22, 1949) Reelection	<p>April 1972 Joined the Company</p> <p>June 2003 Appointed Executive Officer and General Manager of Sensing Device Department, Industrial Automation Business Company</p> <p>June 2006 Appointed Managing Executive Officer</p> <p>March 2008 Appointed President of Industrial Automation Business Company</p> <p>June 2008 Appointed Senior Managing Executive Officer</p> <p>June 2011 Appointed Executive Vice President (to present)</p> <p><i>Area of responsibility in the Company:</i> Vice Chairman of Compensation Advisory Committee</p>	22,610
5	Mr. Akio Sakumiya (September 10, 1952) Reelection	<p>April 1975 Joined the Company</p> <p>June 2003 Appointed Executive Officer and President & CEO 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 (to present)</p> <p><i>Area of responsibility in the Company:</i> Vice Chairman of Personnel Advisory Committee</p>	16,060
6	Mr. Kazuhiko Toyama (April 15, 1960) <Outside Director candidate> Reelection	<p>April 1985 Joined Boston Consulting Group, Inc.</p> <p>April 1986 Established Corporate Direction Co., Ltd.</p> <p>March 1993 Appointed Director of Corporate Direction Co., Ltd.</p> <p>April 2000 Appointed Managing Director of Corporate Direction Co., Ltd.</p> <p>April 2001 Appointed President and CEO of Corporate Direction Co., Ltd.</p> <p>April 2003 Appointed Senior President and COO of Industrial Revitalization Corporation of Japan (IIRC)</p> <p>April 2007 Appointed President & CEO of Industrial Growth Platform, Inc. (to present)</p> <p>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 Committee Chairman of Corporate Governance Committee</p> <p><i>Significant concurrent positions:</i> President & CEO of Industrial Growth Platform, Inc. Outside Director of PIA Corporation Outside Corporate Auditor of The Asahi Shimbun Company Outside Corporate Auditor of Central Nippon Expressway Company Limited</p> <p><Reasons nominated as a candidate> Mr. Kazuhiko Toyama has served in a number of corporate management positions for many years, and he will utilize his experience and insight as a management expert cultivated through his career, in the Company's management. We therefore request his election as an Outside Director.</p>	5,100

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. Masamitsu Sakurai (January 8, 1942) <Outside Director candidate> Reelection	<p>April 1966 Joined Ricoh Co., Ltd. May 1984 Appointed President of Ricoh UK Products Ltd. June 1992 Appointed Director of Ricoh Co., Ltd. April 1993 Appointed President of Ricoh Europe B.V. June 1994 Appointed Managing Director of Ricoh Co., Ltd. April 1996 Appointed President & CEO of Ricoh Co., Ltd. June 2005 Appointed President & CEO and Executive Officer of Ricoh Co., Ltd. April 2007 Appointed Chairman & CEO and Executive Officer of Ricoh Co., Ltd. June 2008 Appointed Director of the Company (to present) April 2011 Appointed Chairman and Executive Officer of Ricoh Co., Ltd. (to present)</p> <p><i>Areas of responsibility in the Company:</i> Chairman of Compensation Advisory Committee Vice Chairman of Corporate Governance Committee</p> <p><i>Significant concurrent positions:</i> Chairman and Executive Officer of Ricoh Co., Ltd. Chairman of The New Technology Development Foundation Director of Coca-Cola West Co. Ltd. Outside Director of Yamaha Motor Co. Ltd.</p> <p><Reasons nominated as a candidate> Mr. Masamitsu Sakurai has served in a number of corporate management positions for many years, and he will utilize his experience and insight as a management expert cultivated through his career, in the Company's management. We therefore request his election as an Outside Director.</p>	0

Notes: 1. There are no special interests between the Company and the Director candidates.

2. Mr. Kazuhiko Toyama and Mr. Masamitsu Sakurai are currently Outside Directors of the Company, and meet the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. If Mr. Toyama's and Mr. Sakurai's reelections are approved, the Company plans to continue their registration as Independent Officers. Details of "The Company's policy regarding the independence of Outside Officers" are described on page 5.
3. Mr. Toyama's term of office as Outside Director will be five years at the close of this General Meeting. The Company has formed a limited liability agreement with Mr. 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.
4. Mr. Sakurai's term of office as Outside Director will be four years at the close of this General Meeting. The Company has formed a limited liability agreement with Mr. Sakurai 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. Sakurai's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
5. 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.

The Company's policy regarding the independence of Outside Officers

- The Company makes it a rule to elect and appoint Outside Officer nominees by the Board of Directors resolution, based on the consultation to, deliberation by and reporting from the Personnel Advisory Committee chaired by an Outside Director, in accordance with the qualification requirements stated in the Company's own "Qualification Requirements for Outside Officers (see Note)" set out on top of the requirements under the Companies Act.
- With regard to making all Outside Officers Independent Officers, the matter has been resolved at the 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 "Qualification Requirements for Outside Officers" are appropriate criteria for judging the independence of Outside Officers.

(Note) "Qualification Requirements for Outside Officers" (revised on December 21, 2010)

- * In selecting new Outside Officer nominees, the Company has set the following qualification requirements to define relations between the OMRON Group and the nominees as well as companies or organizations to which they belong.
1. In the five years prior to being selected as a nominee for the posts of Directors or Corporate Auditors, the candidate must not have been either a representative partner or a staff member at the Accounting Auditors serving the OMRON Group.
 2. Nominees for Outside Officers shall not be large shareholders of the OMRON Group (those with a shareholding ratio exceeding 10% of total voting rights) or shall not be Directors, Corporate Auditors, Executive Officers or employees of a company in which the OMRON Group is a large shareholder.
 3. They shall not be Directors, Corporate Auditors, Executive Officers or employees at significant transaction partners (*) of the OMRON Group.
- (*) Significant transaction partners refer to a company whose payments or received transaction amount in business with the OMRON Group represent more than 2% of consolidated net sales of the Group or any of its transaction partners.
4. The nominee must not receive remuneration of JPY 10 million or more annually from the OMRON Group, other than compensation of Directors and Corporate Auditors.
 5. The nominee shall not be a relative or family member (within the third degree of relationship) of Directors, Corporate Auditors or Executive Officers of the OMRON Group.
 6. Companies or organizations to which the nominee belongs must not have appointed designated Directors, Corporate Auditors or Executive Officers to the OMRON Group or vice versa
 7. In addition, the nominee will not be able to serve as an Outside Officer if he or she has interests in the OMRON Group, which raise concerns over independence in their role as Outside Directors or Outside Corporate Auditors.
- (Note 1) The above term 'OMRON Group' means OMRON Corporation and its subsidiaries.
(Note 2) If an Outside Officer has made a change in his or her principal position (including retirement), the requirements will be reviewed, based on the qualification requirements for Outside Officers.

No. 3: Election of One (1) Corporate Auditor

The term of Corporate Auditor Eisuke Nagatomo expires at the close of this General Meeting of Shareholders. The Company therefore requests the election of one (1) Corporate Auditor.

The Company has obtained the consent of the Board of Corporate Auditors regarding this proposal.

The Corporate Auditor candidate is as follows:

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions	Number of shares of the Company owned
Mr. Eisuke Nagatomo (July 7, 1948) <Outside Corporate Auditor candidate> Reelection	<p>April 1971 Joined Tokyo Stock Exchange, Inc. Nov. 2001 Appointed Executive Officer of Tokyo Stock Exchange, Inc. June 2003 Appointed Managing Director of Tokyo Stock Exchange, Inc. June 2007 Appointed Advisor of Tokyo Stock Exchange, Inc. Oct. 2007 Appointed President & CEO of EN Associates Co., Ltd. (to present) June 2008 Appointed Corporate Auditor of the Company (to present)</p> <p><i>Significant concurrent positions:</i> President & CEO of EN Associates Co., Ltd. Outside Corporate Auditor of Mitsubishi Corporation (plans to retire from position in June, 2012) Outside Director of kabu.com Securities Co., Ltd. Outside Director of Miroku Joho Service Co., Ltd.</p> <p><Reasons nominated as a candidate> Mr. Eisuke Nagatomo holds prominent positions including Managing Director, Chief Regulatory Officer, Tokyo Stock Exchange, Inc., a member of Business Accounting Council, Financial Services Agency, and Director, Financial Accounting Standards Foundation, and has considerable knowledge regarding finance and accounting. Mr. Nagatomo is knowledgeable about corporate governance, internal control systems and other matters, and will reflect his broad insight and wealth of experience in the Company's audits. The Company therefore requests his election as Outside Corporate Auditor.</p>	1,724

- Notes: 1. There are no special interests between the Company and the Corporate Auditor candidate.
2. Mr. Eisuke Nagatomo is currently an Outside Corporate Auditor of the Company, and meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. If Mr. Nagatomo'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 5.
3. Mr. Nagatomo's term of office as an Outside Corporate Auditor will be four years at the close of this General Meeting. The Company has formed a limited liability agreement with Mr. Nagatomo 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. Nagatomo'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.

No. 4: Election of One (1) Alternate Corporate Auditor

The term of office of the currently appointed Alternate Corporate Auditors will expire at the opening of this General Meeting of Shareholders. To ensure that the Company will not lack the number of outside Corporate Auditors stipulated by law, the Company requests the election of one (1) Alternate outside Corporate Auditor.

This Alternate Corporate Auditor shall be appointed only if the Company lacks the number of Outside Corporate Auditors stipulated by law, and shall serve the remaining term of his predecessor.

The Company has obtained the consent of the Board of Corporate Auditors regarding this proposal.

The Alternate Corporate Auditor 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)	April 1993 Registered as attorney with the Osaka Bar Association; joined Kitahama Partners Jan. 1998 Appointed partner of Kitahama Partners (to present) <i>Significant concurrent positions:</i> External Director of SHO-BI Corporation <Reasons nominated as a candidate> The Company requests the election of Toru Watanabe, the candidate for alternate Outside Corporate Auditor, as Mr. Watanabe is an attorney and is expected to reflect his legal expertise in the audits of the Company. Mr. Watanabe has not been involved directly in corporate management in the past, but for the reasons stated above, the Company believes that he can adequately fulfill the duties of an Outside Corporate Auditor.	0

Notes: 1. There are no special interests between the Company and the Alternate Corporate Auditor candidate.

2. Mr. Toru Watanabe is the Alternate Outside Corporate Auditor candidate, and meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. Details of "The Company's policy regarding the independence of Outside Officers" are described on page 5.

3. If Mr. Watanabe is appointed as an Outside Corporate Auditor, 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 Bonuses to Directors

Based on the "Policy on Determining Amount of Compensation, etc., and Methods Used for Calculation" on page 20 of this Convocation Notice, the Company requests shareholders to approve payment of a total of JPY 68,860,000 in bonuses to five Directors, excluding Outside Directors.

The amounts to be paid to each individual Director shall be left to the discretion of the Board of Directors.

Business Report (Consolidated)

(April 1, 2011 to March 31, 2012)

1. Current State of the OMRON Group

(1) Consolidated Results

General Overview

Reviewing the economic environment during fiscal 2011 (ended March 31, 2012), conditions in the Japanese economy were challenging overall despite signs of recovery in some sectors, as corporate production activities and consumer spending dropped due to the Great East Japan Earthquake that occurred in March 2011. In overseas economies, a credit tightening policy in China, a persistently high unemployment rate in the United States and financial instability in Europe, together with flooding in Thailand in October, led to a growing perception of a global slowdown despite growth in emerging markets.

The OMRON Group designated the approximately three months directly after the earthquake in Japan until June 2011 as an emergency response period, and was able to fulfill its responsibility to supply products and services to customers and minimize the effects of the disaster. Following the end of the emergency response period, the OMRON Group established an emergency supply system with measures including global component procurement and prioritization of production.

Based on its new management structure, OMRON announced Value Generation 2020 (VG2020), its new long-term strategy, in July 2011. To become a truly global enterprise underpinned by robust growth, the OMRON Group started five measures in the first fiscal year of VG2020: 1) reinforce the industrial automation business; 2) aggressively develop business in emerging markets, particularly in Asia; 3) concentrate on environmental businesses, particularly energy conservation and generation; 4) enhance OMRON's product mix, and reform its profit structure by reducing variable costs; and 5) accelerate the globalization of human resources and reform OMRON's corporate climate.

Despite the substantial impact of the strong yen, the OMRON Group's net sales for the year ended March 31, 2012 increased 0.3 percent compared with the previous fiscal year to JPY 619,461 million with the contribution of measures including expansion into emerging markets and introduction of new products. Operating income decreased 16.4 percent compared with the previous fiscal year to JPY 40,136 million with the impact of the strong yen, high raw material costs and other factors. Income before income taxes was JPY 33,547 million, a decrease of 19.5 percent compared with the previous fiscal year, and net income attributable to shareholders was JPY 16,389 million, down 38.8 percent compared with the previous fiscal year.

The average exchange rates for the year ended March 31, 2012 were USD 1 = JPY 79.3 and EUR 1 = JPY 110.3 (6.5 yen and 3.2 yen less than the previous fiscal year, respectively).

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

Net sales	JPY 619,461 million, 0.3 percent increase year on year
Operating income	JPY 40,136 million, 16.4 percent decrease year on year
Income before income taxes	JPY 33,547 million, 19.5 percent decrease year on year
Net income attributable to shareholders	JPY 16,389 million, 38.8 percent decrease year on year

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 using sensing and control technology that stays ahead of customer needs.

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

In Japan, in response to the impact of the earthquake, the OMRON Group worked together in placing the highest priority on supplying products to customers. Combined with customer moves to secure inventories, this resulted in a substantial increase in sales in the first quarter. Capital investment demand in the semiconductor and electronic component industries weakened from the second quarter onward due to inventory adjustments, but sales were essentially unchanged from the previous fiscal year, supported by firm capital investment demand in the automotive and machine tool industries due to reconstruction following the earthquake and restoration demand after the floods in Thailand.

Overseas, sales in Europe and China were approximately the same as in the previous fiscal year despite the impact of external factors including the strong yen and financial instability in Europe and the credit tightening policy in China. In the Americas, sales of control equipment to the petroleum and gas industries increased substantially, reflecting the recent rise in crude oil prices. In Asia, sales were firm due to an increase in demand related to recovery after the floods in Thailand. Overall overseas sales were essentially unchanged from the previous fiscal year.

As a result, segment sales for the fiscal year totaled JPY 270,835 million, a decrease of 0.4 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.

Relays, switches, connectors, amusement components and units, sensors for consumers, components for mobile equipment, face recognition software

In Japan, the automotive and amusement industries recovered quickly from the earthquake, and sales of certain products for consumer industries were also firm due to reconstruction demand, offsetting the effects of the earthquake in the first quarter. As a result, sales were essentially unchanged from the previous fiscal year.

Overseas, inventory adjustments of products for consumer industries continued, reflecting factors including an economic slowdown due to the credit tightening policy in China and financial instability in Europe. However, strong sales of products for the automotive industry and products that incorporate mobile devices resulted in firm sales overall.

As a result, segment sales for the fiscal year totaled JPY 83,002 million, an increase of 2.2 percent compared with the previous fiscal year.

AEC: Automotive Electronic Components Business

Outline of business

Conducts development, design, production, and sales of automotive electronics for automobile and automotive component manufacturers throughout the world.

Electric power steering controllers, passive entry and push engine start systems, keyless entry systems and other wireless devices, multi-function controllers, power window switches, various automotive switches, etc.

In Japan, this segment was impacted by the decrease in automobile production among major customers due to the earthquake in the first half, but demand recovered with the rebound in production in the second half. In addition, procurement problems for electronic parts caused by flooding in Thailand impacted the automotive industry overall as well as this business segment. However, the market later recovered as the outlook for parts procurement improved, and sales were solid.

Overseas, sales were affected by a temporary decrease in automobile production primarily by Japanese manufacturers due to the earthquake in Japan and the floods in Thailand. However, with the contribution of strong performance among overseas automobile manufacturers and growth in emerging markets, sales were essentially unchanged from the previous fiscal year.

As a result, segment sales for the fiscal year totaled JPY 85,027 million, an increase of 0.9 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.

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, railway companies continued to restrain capital investment due to the weak economy, and investment in areas such as equipment renewal was postponed because of the effects of the earthquake. As a result, sales declined substantially despite expansion of the security and safety solutions business centered on remote monitoring systems. In the traffic and road control systems business, sales were sluggish despite demand related to reconstruction after the earthquake, as customers strongly restrained investment, mainly because of the weak Japanese economy and the effects of the earthquake. In the environmental solutions business, OMRON launched energy-saving, energy-generation and energy-storage businesses. In the related maintenance business, strong sales continued as demand for solar power generation products increased and related installation expanded significantly.

As a result, segment sales for the fiscal year were JPY 57,200 million, a decrease of 10.4 percent compared with the previous fiscal year.

HCB: Healthcare Business

Outline of business

Provides numerous types of health and medical equipment worldwide. OMRON has also been focusing on building its business in home medical care, including prevention of cardiovascular disease and its serious development, and obesity solutions.

Blood pressure monitors, digital thermometers, body composition monitors, pedometers, electric toothbrushes, blood glucose monitors, biometric monitors, inpatient blood pressure monitoring devices, nebulizers, ECGs, vascular screening devices, visceral fat monitors, etc.

In Japan, sales of new home-use healthcare equipment, including activity monitors, body composition monitors, and digital thermometers were strong and OMRON's market share expanded despite the effects of the earthquake mainly in the first half of the fiscal year. In equipment for use in medical institutions, where capital investment continued to be restrained, the world's first visceral fat monitor posted steady sales after its launch during the fiscal year. However, sales of vital sign monitors, a core product, were weak, and overall sales in Japan remained flat compared with the previous fiscal year.

Overseas, demand for OMRON's healthcare equipment increased, particularly in emerging markets, and sales were strong in all areas except the Americas, where sales were impacted by the strong yen.

As a result, segment sales for the fiscal year were JPY 62,446 million, an increase of 3.0 percent compared with the previous fiscal year.

Other Businesses

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

Outline of business

The “Other” segments are in charge of nurturing and strengthening businesses under the direct control of headquarters.

*Environmental Business

Solar power conditioners, energy management devices, energy-saving services.

*Electronic Systems and Equipment Business

Embedded computers for manufacturing industries, uninterruptible power supplies, OEM development and manufacturing of electronic equipment.

*Micro Devices Business

MEMS flow sensors, MEMS thermal sensors, MEMS pressure sensors, RF MEMS switches, analog ICs, contract chip manufacturing services.

(RF: Radio Frequency, MEMS: Micro-Electro-Mechanical Systems)

*Backlight Business

LED backlight units for small and medium-sized LCD modules, optical components

The performance of main businesses in this segment were as follows.

In the environmental business, requests from the government and electric power companies to conserve electricity following the earthquake contributed to expansion of the energy-saving components and services business with products including systems for visualizing the volume of electricity used. In addition, OMRON aggressively rolled out new products as solar power generation gained increasing attention as an alternative source of energy. As a result, unit sales of solar power condensers (energy-generation business) increased, and sales were strong overall.

In the electronic systems and equipment business, sales of industrial-use computers and contract manufacturing and development of electronic devices were weak as customers modified or scaled back investment plans due to the earthquake. However, demand for uninterruptible power supplies to deal with power supply concerns continued to increase. As a result, overall sales remained essentially unchanged from the previous fiscal year.

In the micro devices business, sales were weak due to a decline in demand for contract chip manufacturing and for custom integrated circuits for consumer products and industrial use.

In the backlight business, sales were solid as a result of increased demand for smartphones.

As a result, segment sales were JPY 53,535 million, an increase of 7.8 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	270,835	44	100
Electronic and Mechanical Components Business	83,002	13	102
Automotive Electronic Components Business	85,027	14	101
Social Systems, Solutions and Service Business	57,200	9	90
Healthcare Business	62,446	10	103
Other Businesses	53,535	9	108
Eliminations & Corporate	7,416	1	118
Total	619,461	100	100

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.

Sales by Division (Non-consolidated) (OMRON Corporation)

Division	Amount (JPY millions)	Share of total (%)	Year-on-year comparison (%)
Industrial Automation Business	154,730	76	99
Electronic and Mechanical Components Business	20,106	10	101
Automotive Electronic Components Business	—	—	—
Social Systems, Solutions and Service Business	—	—	—
Other Businesses	28,751	14	111
Total	203,587	100	100

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

2. In the first quarter ended June 30, 2010, the automotive electronics systems and equipment business of the Automotive Electronic Components Business was split off and taken over by the newly established OMRON Automotive Electronics Co., Ltd.

3. In the first quarter ended June 30, 2011, the social systems business of the Social Systems, Solutions and Service Business was taken over by OMRON Social Solutions Co., Ltd. through an absorption-type split.

4. Calculations for year-on-year comparisons do not include sales from the Automotive Electronic Components Business and the Social Systems, Solutions and Service Business.

(2) Capital Investment

The OMRON Group pressed ahead with proactive capital investment in emerging market areas, along with investments to increase productivity and beef up production at manufacturing bases, with the aim of enhancing the Group's competitive power for the future. As a result, total capital investment for the period was JPY 28,341 million, a 22.2 percent increase from the previous fiscal year.

(3) Capital Procurement

As of March 31, 2012, the amount of electronic commercial paper issued by the OMRON Group decreased JPY 27,000 million from a year earlier to JPY 18,000 million due to repaid capital procured during the previous fiscal year in response to the Great East Japan Earthquake, and an increase of the efficiency of the Group's internal capital.

(4) Issues Facing the Company

Based on a philosophy of “working for the benefit of society,” the OMRON Group aims to become a truly global enterprise underpinned by robust growth, in accordance with the Group’s long-term strategy, “Value Generation 2020” (hereinafter, VG2020), which covers the period from fiscal 2011 to fiscal 2020. We define “Value Generation” as striving to create value for the optimization of society and delivering new value to all of our stakeholders over the next decade. A “venture spirit,” “innovation driven by social needs” and “challenging ourselves to always do better” are all part of OMRON’s DNA. To reinforce these qualities, we will generate even greater value by focusing on OMRON’s sensing and control technologies as our core competence.

The ten-year period of VG2020 is divided into two stages. The first three years are the “GLOBE STAGE”, during which we aim for “establishment of profit and growth structures on a global basis.” The following seven years are the “EARTH STAGE,” which aims for “new value generation for growth.” Our quantitative goals for fiscal 2020 are net sales of over JPY 1,000,000 million and an operating income margin of 15%.

In the GLOBE STAGE, we are undertaking five tasks to accomplish these goals. The first is reinforcing the industrial automation business. Focusing on the automation business from which OMRON originated, we are seeking to establish high profitability while expanding sales by meeting surging demand primarily in emerging markets. The second task is expanding sales in emerging markets. To steadily meet needs in fast-growing emerging markets including Greater China, we will expand sales by broadening our lineup of products designed for emerging markets and by reinforcing sales functions and enhancing our brand strength in those markets. The third task will focus on the environmental solutions business. Using the sensing and control technologies that are the source of OMRON’s competitive strength, we will innovate to address environment-related social needs that are global in scale. The fourth and fifth tasks are profit structure reform and strengthening global human resources. Furthermore, in the GLOBE STAGE, we will focus on manufacturing, our fundamental mission, and further deepen our core sensing and control technologies to make aggressive investments primarily in the industrial automation and environmental solutions businesses and in emerging markets. By implementing these tasks, we will aim for net sales of approximately JPY 700,000 million, a gross profit margin of 39% and an operating margin of 9% in the final year of the GLOBE STAGE.

In the fiscal year ended March 31, 2012, the first year of VG2020, with substantial changes in economic conditions worldwide, including Japan, from factors such as sovereign risk in Europe and the appreciation of the yen, as well as the impact of natural disasters, net sales increased slightly over the previous fiscal year while profits decreased.

With uncertainty persisting in the operating environment, the issues we need to address are: 1) expanding stable medium-to-long-term sales growth; 2) reforming profit structure; and 3) dealing with external changes and other risks.

The first issue - expanding sales growth - will entail securing stable medium-to-long-term growth by accelerating GLOBE STAGE initiatives: focusing on and reinforcing the industrial automation business, expanding sales in emerging markets, and focusing on new businesses, particularly environment-related businesses. With this approach, we aim to achieve net sales of approximately JPY 700,000 million in the final year of the GLOBE STAGE.

For the second issue - reforming profit structure - we will aggressively implement four concrete measures: 1) improving product mix by strengthening industrial automation; 2) using material-saving technologies to reduce variable costs; 3) raising productivity in China and Asia; and 4) aggressively implementing other cost reductions. Through these measures, we are targeting a 39% gross margin in the final year of the GLOBE STAGE.

For the third issue - dealing with external changes and other risks - one measure we will take is creating a structure that is resistant to changes in external environmental factors such as exchange rates. Specifically, we will work to improve the balance of our exposure to foreign exchange risk by expanding overseas production and increasing local procurement. In addition, we will work to strengthen global risk management, including upgrades to our business continuity plan (BCP) to contribute to minimizing the negative effects of natural disasters on society, our customers and the OMRON Group.

We expect the challenging operating environment to continue in the next fiscal year, with the economic recovery maintaining a slow pace. However, we think macro trends such as emerging markets driving the global economy and the increase in environment-related needs have not changed, and we in fact expect such trends to accelerate.

Therefore, we plan to step up the five tasks of the GLOBE STAGE without changing them. By doing so, we will build a medium-to-long-term growth structure and a robust profit structure that is less dependent on the external environment, thus making our business operations even stronger.

(5) Financial Assets and Profit and Loss
Consolidated Financial Position and Operating Results

(JPY millions)

	72nd term (April 1, 2008 to March 31, 2009)	73rd term (April 1, 2009 to March 31, 2010)	74th term (April 1, 2010 to March 31, 2011)	75th term (April 1, 2011 to March 31, 2012)
Net Sales	627,190	524,694	617,825	619,461
Income (Loss) before Income Taxes	(39,133)	10,195	41,693	33,547
Net Income (Loss) Attributable to Shareholders	(29,172)	3,518	26,782	16,389
Basic Net Income (Loss) Attributable to Shareholders per Share (JPY)	(132.15)	15.98	121.66	74.46
Total Assets	538,280	532,254	562,790	537,323
Shareholders' Equity	298,411	306,327	312,753	320,840
Shareholders' Equity per Share (JPY)	1,355.41	1,391.41	1,421.03	1,457.51
Return on Equity (%)	(8.7)	1.2	8.7	5.2

Notes: 1. The OMRON Group prepares its financial statements according to generally accepted accounting practices in the United States (U.S. GAAP).

2. OMRON has adopted FASB ASC No. 810, "Consolidation" as of the fiscal year ended March 31, 2010. This standard requires the parent company's interest and non-controlling interests to be clearly identified, labeled and disclosed. Minority interests, which were formerly classified between liabilities and shareholders' equity in the Consolidated Balance Sheets, are now accounted for in net assets as non-controlling interests. This statement also changes the presentation and line items of the Consolidated Statements of Operations.

The OMRON Group's net sales for the year ended March 31, 2012 were significantly impacted by the strong yen. However, with the contribution of measures including expansion into emerging markets and introduction of new products, the OMRON Group's net sales for the fiscal year increased 0.3 percent compared with the previous fiscal year to JPY 619,461 million. Net income attributable to shareholders was JPY 16,389 million, and return on equity (ROE) was 5.2%.

Non-Consolidated Financial Position and Operating Results

(JPY millions)

	72nd term (April 1, 2008 to March 31, 2009)	73rd term (April 1, 2009 to March 31, 2010)	74th term (April 1, 2010 to March 31, 2011)	75th term (April 1, 2011 to March 31, 2012)
Net Sales	267,092	221,367	236,305	203,587
Ordinary Income (Loss)	(7,395)	16,073	14,129	16,073
Net Income (Loss)	(19,526)	22,788	6,636	8,728
Net Income (Loss) per Share (JPY)	(88.43)	103.49	30.14	39.65
Total Assets	360,732	371,743	397,073	363,992
Net Assets	197,413	221,363	221,914	224,245
Net Assets per Share (JPY)	895.24	1,003.93	1,006.74	1,017.88

(6) Principal Subsidiaries

Principal subsidiaries are outlined below.

(As of March 31, 2012)

Name	Capital (JPY millions)	Parent ownership (%)	Principal businesses
OMRON KANSAI-SEIGYO Corporation	310	100.0	Sale of industrial automation control equipment
OMRON Relay & Devices Corporation	300	100.0	Electronic and Mechanical Components Business
OMRON Automotive Electronics Co., Ltd.	5,000	100.0	Automotive Electronic Components Business
OMRON Social Solutions Co., Ltd.	5,000	100.0	Social Systems, Solutions and Service Business
OMRON Healthcare Co., Ltd.	5,021	100.0	Healthcare Business
OMRON Management Center of America, Inc.	(Thousands of U.S. dollars) 6,890	100.0	Regional management in the United States and Canada
OMRON Europe B.V.	(Thousands of Euro) 16,883	100.0	Regional management and supervision of Industrial Automation Business in Europe
OMRON (China) Co., Ltd.	(Thousands of RMB) 1,468,771	100.0	Regional management in China
OMRON Asia Pacific Pte. Ltd.	(Thousands of Singapore dollars) 47,888	100.0	Regional management and supervision of Industrial Automation Business in Southeast Asia

Other Business Combinations

The OMRON Group consists of 153 consolidated subsidiaries and 12 affiliates accounted for using the equity method.

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

(7) Principal Places of Business, etc.

(As of March 31, 2012)

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

(8) Employees

OMRON Group Employees (Consolidated)

(As of March 31, 2012)

Number of employees	Change from March 31, 2011
35,992	Increase of 308 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).

Parent Company Employees (Non-Consolidated)

(As of March 31, 2012)

Number of Employees	Change from March 31, 2011	Average Age	Average Years of Employment with OMRON
4,245	Decrease of 523 employees	41 years	15 years

Note: The number of employees decreased by 523 from the end of the previous fiscal year, but this decrease is mainly due to the social systems business of the Social Systems, Solutions and Service Business being taken over by OMRON Social Solutions Co., Ltd. through an absorption-type split in the first quarter ended June 30, 2011.

(9) Major Lenders

During the fiscal year ended March 31, 2012, the OMRON Group raised funds primarily by issuing commercial paper. Consequently, there were no major lenders at the end of the period.

2. Stock Information (As of March 31, 2012)

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

(2) Total Number of Shares Issued 239,121,372 shares

(3) Number of Shareholders 33,188

(4) Principal Shareholders (Top Ten Shareholders)

Shareholder	Number (thousands of shares)	Percentage Held (%)
State Street Bank & Trust Company 505223	15,200	6.90
Japan Trustee Services Bank, Ltd. (trust account)	10,234	4.64
The Master Trust Bank of Japan, Ltd. (trust account)	9,077	4.12
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,713	3.50
The Bank of Kyoto, Ltd.	7,069	3.21
Nippon Life Insurance Company	5,501	2.49
OMRON Employee Stockholding Association	4,385	1.99
RBC Dexia Investor Services Trust, London Lending Account	4,200	1.90
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	3,996	1.81
State Street Bank & Trust Company	3,750	1.70

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

2. The Company holds 18,988 thousand shares of treasury stock (7.94% of total shares outstanding) but is excluded from the principal shareholders listed above.

3. We were informed through the change report of the large shareholding report submitted by Harris Associates L.P. on April 5, 2012, that company held 22,272 thousand shares (representing 9.31% of the total number of shares issued) as of March 30, 2012. However, the OMRON Group has not been able to confirm the number of shares actually possessed by Harris Associates L.P., and therefore does not include the company on the above list of Principal Shareholders.

(5) Breakdown of Shareholders by Type

Category	Status of Shares (1 unit = 100 shares)							Odd-Lot Shares
	Government and Municipal Corporations	Financial Institutions	Securities Companies	Other Domestic Companies	Foreign Investors (Individuals)	Individuals and Others	Total	
Number of shareholders	1	95	38	355	400 (11)	27,525	28,414	—
Number of shares owned (units)	6,728	749,445	19,818	135,758	899,613 (34)	576,582	2,387,944	326,972 shares
Percent of total (%)	0.28	31.38	0.83	5.69	37.67 (0.00)	24.15	100.00	—

Notes: 1. Of the 18,988,099 shares of treasury stock in the shareholder register as of March 31, 2012, 18,988,000 shares are included in the “Individuals and Others” column, and 99 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) Stock Acquisition Rights Held by Directors of the Company as of March 31, 2012

Date granted	July 10, 2007
Number of holders Directors of the Company (excluding Outside Directors)	4
Number of stock acquisition rights	480
Type of shares subject to the stock acquisition rights	Common shares
Number of shares subject to the stock acquisition rights	48,000
Amount paid for stock acquisition rights (per share)	JPY 744
Value of assets to be paid upon exercise of the stock acquisition rights (per share)	JPY 3,432
Main terms and conditions for exercise of stock acquisition rights	(Note)

Note: Persons who have received allocations of common stock acquisition rights must hold the position of Director or Executive Officer of the Company, or an equivalent position, at the time of exercise. However, this condition shall not apply in the case of holders of stock acquisition rights who shall have retired following the completion of their term of office or other such appropriate reason. Other terms and conditions shall be stipulated in the Stock Acquisition Right Agreement concluded between the Company and the persons who received allocations of stock acquisition rights.

(2) Stock Acquisition Rights Granted to Executive Officers of the Company in the Year Ended March 31, 2012

No stock acquisition rights were granted during the fiscal year ended March 31, 2012.

4. Directors and Corporate Auditors

(1) Names and Other Information of Directors and Corporate Auditors

Title	Name	Assignment and Significant Concurrent Positions
Chairman	Hisao Sakuta	Chairman of the Board of Directors Chairman of Micromachine Center A member of the Board of Governors, NHK (Japan Broadcasting Corporation) Outside Director of KOKUYO Co., Ltd.
Executive Vice Chairman	Fumio Tateishi	Vice Chairman of CEO Selection Advisory Committee
President & CEO	Yoshihito Yamada	Chief Executive Officer Chairman of Nippon Electric Control Equipment Industries Association
Executive Vice President	Yoshinobu Morishita	Vice Chairman of Compensation Advisory Committee
Senior Managing Director	Akio Sakumiya	Vice Chairman of Personnel Advisory Committee
Outside Director	Kazuhiko Toyama	Chairman of Personnel Advisory Committee Chairman of CEO Selection Advisory Committee Chairman of Corporate Governance Committee President & CEO of Industrial Growth Platform, Inc. Outside Director of PIA Corporation Outside Corporate Auditor of The Asahi Shimbun Company Outside Corporate Auditor of Central Nippon Expressway Company Limited
Outside Director	Masamitsu Sakurai	Chairman of Compensation Advisory Committee Vice Chairman of Corporate Governance Committee Chairman and Executive Officer of Ricoh Co., Ltd. Chairman of The New Technology Development Foundation Director of Coca-Cola West Co. Ltd. Outside Director of Yamaha Motor Co. Ltd.
Full-time Corporate Auditor	Soichi Yukawa	
Full-time Corporate Auditor	Tokio Kawashima	
Outside Corporate Auditor	Hidero Chimori	Partner of Miyake & Partners, Attorney at Law Outside Corporate Auditor of Duskin Co., Ltd.
Outside Corporate Auditor	Eisuke Nagatomo	President & CEO of EN Associates Co., Ltd. Outside Corporate Auditor of Mitsubishi Corporation Outside Director of kabu.com Securities Co., Ltd. Outside Director of Miroku Joho Service Co., Ltd.

Notes: 1. Outside Directors Kazuhiko Toyama and Masamitsu Sakurai, and Outside Corporate Auditors Hidero Chimori and Eisuke Nagatomo have each provided notification as Independent Officers to Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd.

2. Mr. Kazuhiko Toyama concurrently serves as Outside Corporate Auditor of Central Nippon Expressway Company Limited, with which the Group has a business relationship that includes sales of products. However, it is not a significant transaction partner according to “The Company’s policy regarding the independence of Outside Officers” below.

3. Mr. Masamitsu Sakurai concurrently serves as Chairman and Executive Officer of Ricoh Co., Ltd. and Outside Director of Yamaha Motor Co. Ltd., with which the Group has a business relationship that includes sales of products. However, it is not a significant transaction partner according to “The Company’s policy regarding the independence of Outside Officers” below.
4. There are no special relationships between the Company and significant concurrent employers of other Outside Officers.
5. Full-time Corporate Auditor Tokio Kawashima has years of work experience in financial institutions, and has considerable knowledge regarding finance and accounting.
6. Mr. Eisuke Nagatomo holds prominent positions including Managing Director, Chief Regulatory Officer, Tokyo Stock Exchange, Inc., a member of Business Accounting Council, Financial Services Agency, and Director, Financial Accounting Standards Foundation, and has considerable knowledge regarding finance and accounting.
7. Changes in Directors and Corporate Auditors in the fiscal year under review are as follows.
 - (Appointment) At the 74th Ordinary General Meeting of Shareholders held on June 21, 2011, Mr. Yoshihito Yamada, Mr. Yoshinobu Morishita and Mr. Akio Sakumiya were appointed as Directors while Mr. Tokio Kawashima was appointed as Corporate Auditor.
 - (Retirement) At the close of the 74th Ordinary General Meeting of Shareholders held on June 21, 2011, Mr. Yoshio Tateishi, Mr. Keiichiro Akahoshi and Mr. Yutaka Takigawa retired from the position as Directors while Mr. Satoshi Ando retired from the position as Corporate Auditor, as their Tenures expired.

The Company’s policy regarding the independence of Outside Officers

- The Company selects Outside Officers in compliance with not only the requirements stipulated by the Companies Act but also its own “Qualification Requirements for Outside Officers” (see Note). On this basis, independence of the Outside Officers is deemed to be sufficiently maintained, and all Outside Officers have been registered as Independent Officers.
- With regard to making all Outside Officers Independent Officers, the matter has been resolved at the 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 “Qualification Requirements for Outside Officers” are appropriate criteria for judging the independence of Outside Officers.

(Note) “Qualification Requirements for Outside Officers” (revised on December 21, 2010)

* In selecting new Outside Officer nominees, the Company has set the following qualification requirements to define relations between the OMRON Group and the nominees as well as companies or organizations to which they belong.

1. In the five years prior to being selected as a nominee for the posts of Directors or Corporate Auditors, the candidate must not have been either a representative partner or a staff member at the Accounting Auditors serving the OMRON Group.
2. Nominees for Outside Officers shall not be large shareholders of the OMRON Group (those with a shareholding ratio exceeding 10% of total voting rights) or shall not be Directors, Corporate Auditors, Executive Officers or employees of a company in which the OMRON Group is a large shareholder.
3. They shall not be Directors, Corporate Auditors, Executive Officers or employees at significant transaction partners (*) of the OMRON Group.
- (*) Significant transaction partners refer to a company whose payments or received transaction amount in business with the OMRON Group represent more than 2% of consolidated net sales of the Group or any of its transaction partners.
4. The nominee must not receive remuneration of JPY 10 million or more annually from the OMRON Group, other than compensation of Directors and Corporate Auditors.
5. The nominee shall not be a relative or family member (within the third degree of relationship) of Directors, Corporate Auditors or Executive Officers of the OMRON Group.
6. Companies or organizations to which the nominee belongs must not have appointed designated Directors, Corporate Auditors or Executive Officers to the OMRON Group or vice versa
7. In addition, the nominee will not be able to serve as an Outside Officer if he or she has interests in the OMRON Group, which raise concerns over independence in their role as Outside Directors or Outside Corporate Auditors.

(Note 1) The above term ‘OMRON Group’ means OMRON Corporation and its subsidiaries.

(Note 2) If an Outside Officer has made a change in his or her principal position (including retirement), the requirements will be reviewed, based on the qualification requirements

(2) Compensation of Directors and Corporate Auditors

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 Corporate Auditors. The Compensation Advisory Committee is composed of four members, excluding the Chairman, Vice Chairman and President of the Company, and chaired by an Outside Director on the Board of Directors, and sets the Company's fundamental principles for compensation of officers.

For the compensation of Directors and Corporate Auditors, 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 Corporate Auditor is determined by discussions among the Corporate Auditors. These amounts are within the scope of the aggregate compensation amounts for all Directors and all Corporate Auditors as each has been set by resolution of the General Meeting of Shareholders.

Fundamental Principles for Compensation of Officers

- The Company shall pay compensation that enables it to recruit (hire) outstanding personnel as managers.
- 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, all officers' compensation shall go through consultation of 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 (monthly salary), bonuses and stock compensation (*).
 - The Company shall provide base salaries sufficient to recruit (hire) outstanding personnel.
 - The Company shall provide bonuses as performance incentives with emphasis on yearly results.
 - Bonuses to Directors shall be paid only to internal Directors. The amount of bonuses shall be based on a standard amount for each position, and set according to the degree of achievement and growth rate of evaluation indicators (income before income taxes, return on invested capital, net income attributable to shareholders and cash dividends per share).
 - The Company shall grant stock compensation as compensation linked to increases in corporate value (stock value), with the intention of reflecting medium-to-long-term performance in compensation.
 - For Outside Directors, from the perspective of their position and independence, the Company shall provide only base salaries, and shall not grant bonuses or stock compensation, which are performance-linked compensation.
- 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 Corporate Auditors

- Compensation of Corporate Auditors shall consist of a base salary (monthly 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.

(*) Note: 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) Amount of Compensation of Directors and Corporate Auditors

Title	Number (Persons)	Base Compensation (JPY millions)	Bonuses (JPY millions)	Aggregate Compensation (JPY millions)
Directors	10	356	69	425
[Outside Directors]:	[2]	[21]	[—]	[21]
Corporate Auditors	5	82	—	82
[Outside Corporate Auditors]:	[3]	[25]	[—]	[25]
Total	15	438	69	507
[Outside Officers included in total]:	[5]	[46]	[—]	[46]

Notes: 1. The above amounts of compensation include amounts paid to three Directors and one Outside Corporate Auditor who retired at the close of the 74th Ordinary General Meeting of Shareholders held on June 21, 2011.

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 Corporate Auditors 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 Outside Directors.

4. The above bonuses to Directors are the amounts that the Company plans to pay, provided that the proposal “Payment of Bonuses to Directors,” which the Company plans to place on the agenda at this Ordinary General Meeting of Shareholders, is approved and resolved as originally proposed.

5. Retirement bonuses for Officers were abolished at the close of the 67th Ordinary General Meeting of Shareholders held on June 24, 2004, based on the resolution of the Board of Directors meeting held on April 28, 2004. Following this decision, it was resolved at the 67th Ordinary General Meeting of Shareholders held on June 24, 2004 that retirement bonuses are paid to incumbent Directors at the time of their retirement, in proportion to their respective Tenure up to the close of the General Meeting, within certain limit according to the criteria set out by the Company.

On the basis of the above resolution, JPY 492 million was paid to one Director who retired at the close of the 74th Ordinary General Meeting of Shareholders held on June 21, 2011, as retirement bonus apart from the above amounts of compensation.

6. In addition to the above, JPY 45,000 of compensation was paid to one Outside Corporate Auditor who retired at the close of the 74th Ordinary General Meeting of Shareholders held on June 21, 2011, from a subsidiary where he concurrently served as a Corporate Auditor.

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

(3) Items Related to Outside Directors and Corporate Auditors

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

As listed in “(1) Names and Other Information of Directors and Corporate Auditors.”

2) Main Activities in the Past Fiscal Year

	Name	Main Activities
Outside Directors	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 Personnel Advisory Committee, CEO Selection Advisory Committee and Corporate Governance Committee.
	Masamitsu Sakurai	Attended 11 of the 13 Board of Directors meetings held during the period (attendance rate: 84.6%), and made statements as necessary mainly from his perspective as a manager with abundant experience. He currently serves as Chairman of Compensation Advisory Committee.
Outside Corporate Auditors	Hidero Chimori	Attended all 13 of the 13 Board of Directors meetings and all 13 Board of Corporate Auditors meetings held during the period, and made statements as necessary mainly from a specialist’s viewpoint as an attorney.
	Eisuke Nagatomo	Attended all 13 of the 13 Board of Directors meetings and all 13 Board of Corporate Auditors meetings held during the period, and made statements as necessary mainly from his perspective as a manager with abundant experience.

3) Summary of Details of Limited Liability Agreements

The Company has established a provision in its articles of incorporation for limited liability agreements with Outside Directors and Outside Corporate Auditors 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 Outside Directors and Outside Corporate Auditors 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 Outside Director or Outside Corporate Auditor 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, 2012

1)	Total amount of compensation to be paid to the Accounting Auditor by the Company and its subsidiaries	JPY 193 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 193 million
3)	Of the total amount in 2), amount of compensation as Accounting Auditor to be paid by the Company	JPY 134 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 Board of Corporate Auditors.
- 2) If the Board of Corporate Auditors 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 Board of Corporate Auditors judges that any of the numbered items in Article 340, Paragraph 1 of the Companies Act apply, it may dismiss the Accounting Auditor with the consent of all Corporate Auditors.

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)

The Company has set the following as the OMRON Group's Internal Control System.

1. Corporate Philosophy of the OMRON Group

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

(1) Corporate Core Value

Working for the benefit of society

(2) Management Principles

- Challenging ourselves to always do better
- Innovation driven by social needs
- Respect for humanity

(3) Management Commitments

The Company has set "Respect for individuality and diversity," "Maximum customer satisfaction," "Relationship-building with shareholders" and "Awareness and practice of corporate citizenship" as management commitments, and aims to conduct fair and highly transparent management while maintaining an honest dialogue and building relationships of trust with stakeholders.

(4) Guiding Principles for Action

"Quality first," "Unceasing commitment to challenging ourselves," "Integrity and high ethics" and "Self-reliance and mutual support" are the guiding principles for action of the individuals and organizations that make up the OMRON Group. Conscious of "working for the benefit of society," we strive for high-integrity conduct and pursue personal growth and advancement of business.

2. Corporate Governance Philosophy

- (1) The purpose of corporate governance at OMRON is to obtain the support of stakeholders and strengthen business competitiveness to ensure the perpetual growth of the Company, and to create and operate a mechanism that can show proof of this (an oversight system).
- (2) In addition, with the objective of linking the expectations of all stakeholders, the Company has "Long-term maximization of corporate value" as a management goal, and will work to build an optimal management structure and conduct appropriate corporate operations to realize management that is efficient and competitive, and will also enhance management oversight mechanisms to verify these efforts.
- (3) The Corporate Governance Committee chaired by an Outside Director was established as an Advisory Committee to the Board of Directors, and will continually enhance corporate governance at the Company and increase management fairness and transparency.

3. System to Ensure that Execution of Directors' and Employees' Duties Conforms with Laws and the Articles of Incorporation

- (1) The Company has more than one Outside Director, 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, nomination of the president and compensation. These Committees, which are chaired by Outside Directors, provide advice on nomination, promotion and compensation of Directors and Executive Officers, and increase the objectivity and transparency of decisions.
- (3) The OMRON Group CSR Guidelines show the OMRON's 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.
- (4) The key theme of "socially responsible corporate management" is promoting corporate ethics and compliance in the OMRON Group. The Corporate Ethics & Business Conduct Committee has been established as an organization to promote the 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.
- (5) OMRON has set up a whistleblower hotline called the Corporate Ethics 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 Action 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.

- (6) With the aim of realizing highly transparent management, OMRON positions information disclosure as an important task, and establish Information Disclosure Executive Committee as an organization responsible for its promotion. OMRON engages in the activities to ensure accuracy, timeliness and completeness of the information disclosure across the Group, and proactively makes disclosure to the public according to the standard set out by the Group.
- (7) OMRON has set up an internal control department directly under the president to conduct operational audits.
- (8) 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.
- (9) 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 saved and managed 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 Management of the Risk of Loss

- (1) Significant risks are identified and corresponding policies are determined regularly at Executive Committee meetings, from various points of view not least CSR, which will be followed up by specific countermeasures at each division.
- (2) For significant risks involving the entire company, company-wide response measures are taken across all internal companies, including setting up special Committees.
- (3) When a crisis occurs, the Company makes reports and information transmissions and assembles the necessary response teams in accordance with the Crisis Management Rules.

6. Systems to Ensure Efficient Execution of Directors' Duties

- (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) OMRON 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.

7. Systems to Ensure Appropriateness of Business Operations in the OMRON Group

- (1) Domestic and overseas subsidiaries and affiliates also share the OMRON Group corporate philosophy.
- (2) The OMRON Group CSR Action Guidelines are compiled in major languages not only in Japan but overseas as well, and disseminated to officers and employees globally.
- (3) OMRON works to improve the Internal Control System of each company by establishing corporate ethics and compliance systems, including appointing ethics and compliance promoters at subsidiaries and affiliates.
- (4) Internal audit divisions conduct operational audits of domestic and overseas subsidiaries and affiliates.

8. Systems to Ensure Effectiveness of Corporate Auditors

- (1) An Auditors Office and full-time staff are established to assist Corporate Auditors in performing their duties. The Auditors Office staff perform their work under the supervision and instruction of the Corporate Auditors.
- (2) Personnel evaluations, appointments and transfers of the Auditors Office staff are done with the consent of the Board of Corporate Auditors.
- (3) As a system for the Board of Directors and employees to report to Corporate Auditors, systems are in place for the Board of Corporate Auditors to hold periodic interviews of Directors and Executive Officers, periodically exchange views with the president, and receive operational reports from Executive Officers. In addition, the Internal Audit Manager is invited to meetings of the Board of Corporate Auditors and makes internal audit reports.
- (4) One-half or more of the Corporate Auditors are Outside Corporate Auditors, 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.
- (5) Corporate Auditors attend and state their opinions at meetings of the Board of Directors as well as meetings of the Executive Committee 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.

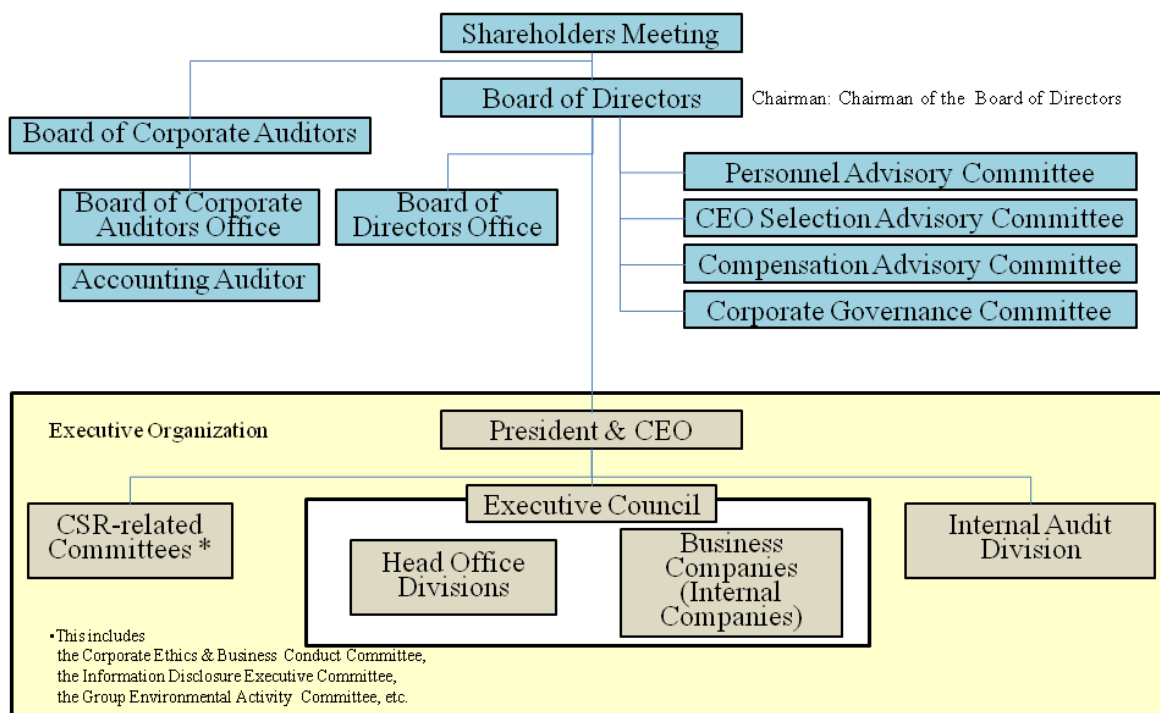
In order to maximize corporate value over the long term, internal capital resources will be secured for measures that will increase corporate value. These measures include investments in R&D and capital investments, which are vital to future business expansion.

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, OMRON will aim to maintain the payout ratio at a minimum of 20% and make profit distributions with a near-term DOE target of 2%.

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

<Omron's Corporate Governance Structure>



Four Advisory Committees have been established within the Board of Directors, all of which are chaired by Outside Directors.

Personnel Advisory Committee

This Committee sets election standards and policies for Directors and Executive Officers, selects candidates, and evaluates current executives.

CEO Selection Advisory Committee

Dedicated to nomination of the President, this Committee deliberates on selection of the new President for the next term and a succession candidate in preparation for a contingency.

Compensation Advisory Committee

This Committee develops compensation policy for Directors and Executive Officers, along with review of the general level of compensation, performance evaluation and specific amounts of compensation.

Corporate Governance Committee

This Committee discusses strategies and measures for continued enhancement of corporate governance, as well as for raising the fairness and transparency of management practices.

Consolidated Financial Statements

Consolidated Balance Sheets

(JPY millions)

Item	75th term (As of March 31, 2012)	(Reference) 74th term (As of March 31, 2011)	Item	75th term (As of March 31, 2012)	(Reference) 74th term (As of March 31, 2011)
ASSETS			LIABILITIES		
Current Assets:	308,097	327,890	Current Liabilities:	152,896	181,432
Cash and cash equivalents	45,257	74,735	Short-term debt	18,774	45,519
Notes and accounts receivable — trade	143,304	137,531	Notes and accounts payable — trade	79,331	77,836
Allowance for doubtful receivables	(2,205)	(2,230)	Accrued expenses	29,179	29,414
Inventories	92,253	86,151	Income taxes payable	623	2,188
Deferred income taxes	17,975	20,183	Other current liabilities	24,989	26,475
Other current assets	11,513	11,520	Deferred Income Taxes	738	697
Property, Plant and Equipment:	120,706	119,998	Termination and Retirement Benefits	60,432	65,485
Land	26,950	27,875	Other Long-Term Liabilities	1,577	1,524
Buildings	128,870	125,686	Total Liabilities	215,643	249,138
Machinery and equipment	142,148	136,792	NET ASSETS		
Construction in progress	7,417	6,836	Shareholders' Equity:	320,840	312,753
Accumulated depreciation	(184,679)	(177,191)	Common stock	64,100	64,100
Investments and Other Assets:	108,520	114,902	Capital surplus	99,078	99,081
Investments in and advances to associates	14,443	13,521	Legal reserve	10,034	9,574
Investment securities	36,161	35,694	Retained earnings	260,557	250,824
Leasehold deposits	7,219	7,126	Accumulated other comprehensive income (loss):	(68,433)	(66,227)
Deferred income taxes	34,516	42,190	Foreign currency translation adjustments	(36,544)	(34,046)
Other	16,181	16,371	Minimum pension liability adjustments	(38,815)	(38,736)
			Net unrealized gains on available-for-sale securities	6,995	6,570
			Net gains (losses) on derivative instruments	(69)	(15)
			Treasury stock	(44,496)	(44,599)
			Noncontrolling Interests	840	899
Total Assets	537,323	562,790	Total Net Assets	321,680	313,652
			Total Liabilities and Net Assets	537,323	562,790

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

Consolidated Statements of Operations

(JPY millions)

Item	75th term (April 1, 2011 to March 31, 2012)	(Reference) 74th term (April 1, 2010 to March 31, 2011)
Net sales	619,461	617,825
Cost of sales	391,574	386,123
Gross profit	227,887	231,702
Selling, general and administrative expenses	145,662	142,365
Research and development expenses	42,089	41,300
Other expenses, net	6,589	6,344
Income before income taxes	33,547	41,693
Income taxes	17,826	14,487
Current	7,845	9,113
Deferred	9,981	5,374
Equity in net losses (gains) of affiliates	(631)	190
Net income	16,352	27,016
Net loss (income) attributable to noncontrolling interests	(37)	234
Net income attributable to shareholders	16,389	26,782

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

2. Income taxes for the 75th term includes the reversal of deferred tax assets (JPY 5,346 million), following the enactment of the laws concerning reduction of income tax rates.

(Reference)

Consolidated Statements of Comprehensive Income (Loss)

(JPY millions)

	75th term (April 1, 2011 to March 31, 2012)	74th term (April 1, 2010 to March 31, 2011)
Net income	16,352	27,016
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	(2,505)	(10,390)
Pension liability adjustments	(79)	(2,183)
Net unrealized gains (losses) on available-for-sale securities	425	(1,114)
Net gains (losses) on derivative instruments	(54)	52
Other comprehensive income (loss)	(2,213)	(13,635)
Comprehensive income	14,139	13,381
(Breakdown)		
Comprehensive income (loss) attributable to noncontrolling interests	(44)	212
Comprehensive income attributable to shareholders	14,183	13,169

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	Shareholders' equity	Non-controlling interests	Total net assets
(Reference)									
Balance, end of the 73rd term	64,100	99,081	9,363	230,859	(52,614)	(44,462)	306,327	808	307,135
Net income				26,782			26,782	234	27,016
Cash dividends				(6,605)			(6,605)		(6,605)
Dividends to noncontrolling interests								(0)	(0)
Capital and other transactions with noncontrolling interests								(121)	(121)
Transfer to legal reserve			211	(211)			—		—
Foreign currency translation adjustments					(10,368)		(10,368)	(22)	(10,390)
Minimum pension liability adjustments					(2,183)		(2,183)		(2,183)
Unrealized losses on available-for-sale securities					(1,114)		(1,114)		(1,114)
Net gains on derivative instruments					52		52		52
Acquisition of treasury stock						(140)	(140)		(140)
Sale of treasury stock		(0)		(1)		3	2		2
Balance, end of the 74th term	64,100	99,081	9,574	250,824	(66,227)	(44,599)	312,753	899	313,652
Net income				16,389			16,389	(37)	16,352
Cash dividends				(6,164)			(6,164)		(6,164)
Dividends to noncontrolling interests								(15)	(15)
Transfer to legal reserve			460	(460)			—		—
Foreign currency translation adjustments					(2,498)		(2,498)	(7)	(2,505)
Minimum pension liability adjustments					(79)		(79)		(79)
Unrealized gains on available-for-sale securities					425		425		425
Net losses on derivative instruments					(54)		(54)		(54)
Acquisition of treasury stock						(10)	(10)		(10)
Sale of treasury stock		(3)		(32)		113	78		78
Balance, end of the 75th term	64,100	99,078	10,034	260,557	(68,433)	(44,496)	320,840	840	321,680

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

(Reference)

Consolidated Statements of Cash Flows

(JPY millions)

Item	75th term (April 1, 2011 to March 31, 2012)	74th term (April 1, 2010 to March 31, 2011)
I Cash Flows from Operating Activities:		
1. Net income	16,352	27,016
2. Adjustments to reconcile net income to net cash provided by operating activities:		
(1) Depreciation and amortization	22,617	22,984
(2) Net loss on sales and disposals of property, plant and equipment	861	606
(3) Loss on impairment of property, plant and equipment	671	413
(4) Net gain on sales of investment securities	(307)	(7)
(5) Loss on impairment of investment securities and other assets	391	805
(6) Loss on impairment of goodwill	2,009	—
(7) Termination and retirement benefits	(5,669)	(4,785)
(8) Deferred income taxes	9,981	5,374
(9) Equity in loss of affiliates	(631)	190
(10) Changes in assets and liabilities	(14,351)	(10,122)
(11) Other, net	22	(518)
Total adjustments	15,594	14,940
Net cash provided by operating activities	31,946	41,956
II Cash Flows from Investing Activities:		
1. Capital expenditures	(27,502)	(21,647)
2. Proceeds from sales or maturities of investment securities	693	109
3. Other, net	323	1,328
Net cash used in investing activities	(26,486)	(20,210)
III Cash Flows from Financing Activities:		
1. Net proceeds (repayments) of interest-bearing debt	(26,744)	9,052
2. Dividends paid	(6,619)	(5,285)
3. Acquisition of treasury stock	(10)	(140)
4. Sale of treasury stock	2	3
5. Other, net	(121)	(297)
Net cash provided by (used in) financing activities	(33,492)	3,333
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,446)	(2,070)
Net Increase in Cash and Cash Equivalents	(29,478)	23,009
Cash and Cash Equivalents at Beginning of the Period	74,735	51,726
Cash and Cash Equivalents at End of the Period	45,257	74,735

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. Scope of Consolidation

The Consolidated Financial Statements include the accounts of the Company and all of its 153 subsidiaries.

2. Application of Equity Method

Investments in all of the Company's 12 affiliated companies are accounted for using the equity method.

3. Preparation 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

Japan: Principally at the lower of cost or market, with cost determined by the first-in first-out method
Overseas: Principally at the lower of cost or market, with cost determined by the moving-average method

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. (Amortized cost is calculated using the moving-average method.)

6. Fixed assets are depreciated by the following methods:

Property, plant and equipment:	Principally the 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:	Amount deemed reasonable is provided as allowance for doubtful receivables, based primarily on the past credit loss experience at the Company and its subsidiaries, as well as the estimated potential loss commensurate with the amounts of receivables.
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Allowance for retirement benefits:	An allowance for employee retirement benefits is provided based on the fair value of pension plan assets and projected benefit obligation at the end of the term, in accordance with FASB ASC 715, "Compensation—Retirement Benefits."
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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 are not included in the Company's Financial Statements

9. Goodwill

The Company accounts for goodwill in accordance with FASB ASC 350, "Intangibles – Goodwill and Other," which requires that goodwill no longer be amortized, but instead tested for impairment at least annually.

10. Stock Compensation

To account for stock-based compensation, the Company applies FASB ASC 718, "Compensation—Stock Compensation."

Notes Related to Consolidated Balance Sheets

Guarantees

Guaranteed parties

Fm-Kyoto Inc.

Employees

Total

JPY 178 million

JPY 7 million

JPY 185 million

Notes Related to Consolidated Statements of Operations

The major components of "Other expenses, net" are as follows:

Loss on impairment of goodwill	JPY 2,009 million
Foreign exchange loss (net)	JPY 1,195 million
Net loss on sales and disposals of property, plant and equipment	JPY 861 million
Loss on impairment of property, plant and equipment	JPY 671 million
Loss on impairment of investment securities and other assets	JPY 391 million
Interest paid	JPY 269 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 derivative transactions, the Company enters into foreign exchange forward contracts, currency swaps, 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, 2012 (75th consolidated account settlement date), fair value and differences are as follows.

(JPY millions)

	Balance Sheet Amount (*)	Fair Value (*)	Difference
(1) Investment securities	31,647	31,647	—
(2) Derivatives (net)	(719)	(719)	—

(*) 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, notes and accounts payable-trade, and accrued expenses 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 4,514 million in the Consolidated Balance Sheets) is difficult to ascertain because they have no 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 74.46
2. Net income attributable to shareholders per share, diluted JPY 74.46
3. Shareholders' equity per share JPY 1,457.51

*The dilution effect of stock options is considered, but there was no dilution effect in the 75th fiscal year.

Subsequent Events

None applicable.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(JPY millions)

Item	75th term (As of March 31, 2012)	(Reference) 74th term (As of March 31, 2011)	Item	75th term (As of March 31, 2012)	(Reference) 74th term (As of March 31, 2011)
ASSETS			LIABILITIES		
Current Assets:	96,307	137,710	Current Liabilities:	119,444	150,953
Cash and time deposits	4,612	28,167	Accounts payable	1,094	1,475
Accounts receivable	1,117	2,243	Accounts payable - trade	18,989	24,070
Accounts receivable – trade	35,129	46,257	Short-term borrowings from affiliated companies	61,693	54,004
Securities	25	25	Commercial paper	18,000	45,000
Merchandise	7,188	7,854	Lease liabilities	1,107	1,400
Materials	3,087	3,580	Other payables	7,717	11,980
Work in process	4,238	5,042	Accrued expenses	7,479	9,162
Supplies	423	358	Income taxes payable	278	312
Short-term loans receivable	24,828	25,412	Advances received	78	243
Accounts receivable - purchasing	4,307	5,592	Deposits received	863	1,328
Other accounts receivable	3,208	4,090	Provision for officers' bonuses	69	200
Accrued income tax refund	1,046	1,329	Other current liabilities	2,077	1,779
Deferred income taxes	6,033	6,805	Long-term Liabilities:	20,303	24,206
Other current assets	1,237	1,151	Lease liabilities	1,456	1,909
Allowance for doubtful receivables	(171)	(195)	Termination and retirement benefits	16,771	19,649
Fixed Assets:	267,685	259,363	Deferred tax liabilities related to revaluation	1,500	1,800
Property and equipment:	41,549	46,030	Other long-term liabilities	576	848
Buildings	22,417	24,128	Total Liabilities	139,747	175,159
Structures	1,392	1,653	NET ASSETS		
Machinery and equipment	797	1,070	Shareholders' Equity:		
Vehicles and delivery equipment	2	3	Common stock	64,100	64,100
Tools, furniture and fixtures	1,300	1,413	Capital surplus	88,771	88,771
Land	13,682	14,160	Additional paid-in capital	88,771	88,771
Lease assets	1,699	2,348	Retained earnings	118,332	116,076
Construction in progress	260	1,255	Legal reserve	6,774	6,774
Intangible fixed assets:	7,879	7,995	Other retained earnings:	111,558	109,302
Software, etc.	7,879	7,995	Reserve for dividends	3,400	3,400
Investments and other assets:	218,257	205,338	Non-restrictive reserve	73,500	73,500
Investment securities	27,890	30,480	Retained earnings carried forward	34,658	32,402
Investments in affiliated companies	139,495	123,874	Treasury stock	(44,589)	(44,581)
Investments in capital	20,918	20,918	Valuation and Translation		
Long-term advances	50	50	Adjustments:	(2,545)	(2,745)
Long-term advances to affiliates	6,894	3,606	Net unrealized holding gains on securities	2,642	2,631
Leasehold deposits	4,760	4,707	Deferred hedge gain (loss)	1	(112)
Deferred income taxes	19,160	22,452	Revaluation of land	(5,188)	(5,264)
Other	1,090	1,452	New Stock Acquisition Rights	176	293
Allowance for doubtful receivables	(2,000)	(2,201)	Total Net Assets	224,245	221,914
Total Assets	363,992	397,073	Total Liabilities and Net Assets	363,992	397,073

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

Non-consolidated Statements of Operations

(JPY millions)

Item	75th term (April 1, 2011 to March 31, 2012)	(Reference) 74th term (April 1, 2010 to March 31, 2011)
Net sales	203,587	236,305
Cost of sales	116,741	144,240
Gross profit	86,846	92,065
Selling, general and administrative expenses	77,653	86,830
Operating income	9,193	5,235
Non-operating income:	8,433	11,375
Interest and dividends received	5,536	9,274
Other non-operating income	2,897	2,101
Non-operating expenses:	1,553	2,481
Interest paid	442	610
Discount on sales	731	715
Other non-operating expenses	380	1,156
Ordinary income	16,073	14,129
Extraordinary gains:	514	61
Gain on sales of property and equipment	90	13
Gain on sales of investment securities	307	21
Gain on reversal of new stock acquisition rights	117	—
Other extraordinary gains	0	27
Extraordinary losses:	2,847	5,634
Loss on sales and disposal of property and equipment	321	335
Loss on evaluation of investment securities	522	1,535
Loss on liquidation of affiliates	338	2,606
Impairment loss	1,044	317
Other extraordinary losses	622	841
Income before income taxes:	13,740	8,556
Income, residential and enterprise taxes	777	(1,741)
Adjustment for income taxes	4,235	3,661
Net income	8,728	6,636

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

Non-consolidated Statements of Changes in Shareholders' Equity
75th Term: April 1, 2011 — March 31, 2012

(JPY millions)

	Shareholders' equity							
	Common stock	Capital surplus		Retained earnings				Total retained earnings
				Legal reserve	Other retained earnings			
		Additional paid-in capital	Total capital surplus		Reserve for dividends	Non-restrictive reserve	Retained earnings carried forward	
Balance at April 1, 2011	64,100	88,771	88,771	6,774	3,400	73,500	32,402	116,076
Changes during the year ended March 31, 2012								
Dividends paid			—				(6,604)	(6,604)
Net income			—				8,728	8,728
Acquisition and disposal of treasury stock			—				(0)	(0)
Reversal of revaluation of land			—				132	132
Net change in items other than shareholders' equity during the year			—					—
Total changes during the fiscal year	—	—	—	—	—	—	2,256	2,256
Balance at March 31, 2012	64,100	88,771	88,771	6,774	3,400	73,500	34,658	118,332

	Shareholders' equity		Valuation and translation adjustment				New stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge gain (loss)	Revaluation of land	Total valuation and translation adjustment		
Balance at April 1, 2011	(44,581)	224,366	2,631	(112)	(5,264)	(2,745)	293	221,914
Changes during the year ended March 31, 2012								
Dividends paid		(6,604)				—		(6,604)
Net income		8,728				—		8,728
Acquisition and disposal of treasury stock	(8)	(8)				—		(8)
Reversal of revaluation of land		132			(132)	(132)		—
Net change in items other than shareholders' equity during the year		—	11	113	208	332	(117)	215
Total changes during the fiscal year	(8)	2,248	11	113	76	200	(117)	2,331
Balance at March 31, 2012	(44,589)	226,614	2,642	1	(5,188)	(2,545)	176	224,245

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

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

74th Term: April 1, 2010 — March 31, 2011

(JPY millions)

	Shareholders' equity							
	Common stock	Capital surplus		Legal reserve	Retained earnings			Total retained earnings
		Additional paid-in capital	Total capital surplus		Other retained earnings			
					Reserve for dividends	Non-restrictive reserve	Retained earnings carried forward	
Balance at March 31, 2010	64,100	88,771	88,771	6,774	3,400	73,500	31,051	114,725
Changes during the year ended March 31, 2011								
Dividends paid			—				(5,285)	(5,285)
Net income			—				6,636	6,636
Acquisition and disposal of treasury stock			—				(0)	(0)
Net change in items other than shareholders' equity during the year			—					—
Total changes during the fiscal year	—	—	—	—	—	—	1,351	1,351
Balance at March 31, 2011	64,100	88,771	88,771	6,774	3,400	73,500	32,402	116,076

	Shareholders' equity		Valuation and translation adjustment				New stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge gain (loss)	Revaluation of land	Total valuation and translation adjustment		
Balance at March 31, 2010	(44,445)	223,151	3,191	(8)	(5,264)	(2,081)	293	221,363
Changes during the year ended March 31, 2011								
Dividends paid		(5,285)				—		(5,285)
Net income		6,636				—		6,636
Acquisition and disposal of treasury stock	(136)	(136)				—		(136)
Net change in items other than shareholders' equity during the year		—	(560)	(104)		(664)		(664)
Total changes during the fiscal year	(136)	1,215	(560)	(104)	—	(664)	—	551
Balance at March 31, 2011	(44,581)	224,366	2,631	(112)	(5,264)	(2,745)	293	221,914

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.
(Valuation gains and losses are fully capitalized, 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 term.
Prior 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 using the straight-line method over 15 years, starting from the year after the occurrence of each proportionally divided amount, based on the average remaining length of service of employees at the time the gain or loss is incurred.
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 are not included in the Company's Non-consolidated Financial Statements.
12. The Company applies the consolidated taxation system.

13. Additional Information

(Application of Accounting Standards for Accounting Changes and Error Corrections)

For accounting changes and error corrections effected after the beginning of fiscal 2011, the Company has applied the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, December 4, 2009), and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009).

Notes to Non-consolidated Balance Sheets

1. Accumulated depreciation for property and equipment (Note: Includes accumulated impairment loss.)	JPY 65,252 million
2. Notes maturing at term end Under the Company's accounting practice, notes maturing at term end are settled on the check-clearing dates. As the last day of the fiscal year under review fell on a bank holiday, the following notes that matured on that day were included in the year-end balance.	
Accounts receivable	JPY 119 million
Accounts payable	JPY 84 million
3. Guarantees Guaranteed parties	
Employees	JPY 7 million
Fm-Kyoto Inc.	JPY 178 million
OMRON MALAYSIA SDN.BHD.	JPY 504 million
OMRON Automotive Electronics Italy S.r.l	JPY 57 million
OMRON LASERFRONT INC.	JPY 33 million
OMRON ELECTRONIC COMPONENTS CO.,LTD.	JPY 20 million
Total	<u>JPY 799 million</u>
4. Notes receivable discount	JPY 3 million
5. Financial Claims and Obligations with Regard to Affiliates	
Short-term credits due from affiliated companies	JPY 49,838 million
Long-term credits due from affiliated companies	JPY 6,894 million
Short-term liabilities due to affiliated companies	JPY 79,880 million
Long-term liabilities due to affiliated companies	JPY 1,513 million

6. Revaluation of Land

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, 2012, 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 3,738 million.

Notes to Non-consolidated Statements of Operations

1. Transactions with affiliated companies:

Sales to subsidiaries:	JPY 95,057 million
Purchases from subsidiaries:	JPY 77,028 million
Other transactions:	JPY 13,707 million
Non-operating transactions:	JPY 7,745 million

2. Impairment losses

The Company wrote down the value of certain manufacturing equipment for semiconductor-related products to the recoverable value, and accounted for the amount of the reduction as an impairment loss of JPY 534 million in extraordinary losses.

In addition, the Company wrote down the value of assets unable to be used due to the moving of subsidiary's head office to the recoverable value, and accounted for the amount of the reduction as an impairment loss of JPY 510 million in extraordinary losses.

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

1. Number of shares issued and outstanding as of March 31, 2012:

Common stock 239,121,372 shares

2. Number of shares of treasury stock as of March 31, 2012:

Common stock 18,988,099 shares

3. Dividends

(1) Dividends paid

Resolution	Total amount paid (JPY millions)	Dividend per share (JPY)	Record date	Effective date
June 21, 2011 General Meeting of Shareholders	3,522	16.00	March 31, 2011	June 22, 2011
October 27, 2011 Board of Directors Meeting	3,082	14.00	September 30, 2011	December 1, 2011

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

Scheduled resolution	Total amount paid (JPY millions)	Dividend per share (JPY)	Record date	Effective date
June 21, 2012 General Meeting of Shareholders	3,082	14.00	March 31, 2012	June 22, 2012

4. Number of shares issued for stock acquisition rights as of March 31, 2012 (excluding those for which the exercise period has not yet begun):

Common stock 237,000 shares

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 724 million
Inventories	JPY 1,165 million
Investment securities	JPY 2,191 million
Investments in affiliated companies	JPY 10,726 million
Accrued bonuses	JPY 1,984 million
Termination and retirement benefits	JPY 5,956 million
Retirement benefit trust	JPY 2,696 million
Unspecified debt	JPY 840 million
Depreciable assets	JPY 2,025 million
Loss carried forward	JPY 5,633 million
Others	<u>JPY 2,169 million</u>
Deferred tax assets, Subtotal	JPY 36,109 million
Valuation Reserve	<u>JPY (9,200 million)</u>
Deferred tax assets, Total	JPY 26,909 million
Deferred tax liabilities	
Net unrealized holding gains on securities	JPY 1,486 million
Others	<u>JPY 230 million</u>
Deferred tax liabilities, Total	JPY 1,716 million
Net tax assets carried over	<u>JPY 25,193 million</u>

2. Modified amounts of deferred tax assets and deferred tax liabilities due to the change of the effective statutory tax rate

Following the promulgation of the “Act for Partial Amendment of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures” (Act No. 114, 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No. 117, 2011) on December 2, 2011, the income tax rate will change from the fiscal year beginning on and after April 1, 2012. In conjunction with these changes, the effective statutory tax rate used for calculating deferred tax assets and deferred tax liabilities will change according to the timing for the temporary differences to be resolved, as follows :

Up to March 31, 2012	41%
From April 1, 2012 to March 31, 2015	38%
After April 1, 2015	36%

As a result of this change, the amount of deferred tax assets, net (less the amount of deferred tax liabilities) has decreased by JPY 2,431 million, and the amount of adjustment for income taxes, net unrealized holding gains on securities, and deferred hedge gain (loss) has increased by JPY 2,637 million, JPY 206 million, and JPY 0 million, respectively.

In the meantime, deferred tax liabilities related to revaluation recorded in association with the land revaluation process decreased by JPY 208 million, while revaluation of land increased by JPY 208 million.

Transactions with Related Parties

Subsidiaries, affiliates and other related parties

Type	Name	Voting Rights Held by Company (%)	Relationship	Transactions	Value of Transactions (JPY millions)	Accounts	Year-end Balance (JPY millions)
Subsidiary	OMRON Relay and Device Co., Ltd.	Direct ownership, 100%	Production of the Company's product Borrowing Dispatch of Directors	Purchase of products ^{1,2}	20,338	Accounts payable - trade ²	2,177
				Borrowing ³	6,914	Affiliate short-term borrowings	5,941
				Payment of interest ⁵	43	Accrued expenses	—
Subsidiary	OMRON Amusement Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing ³	4,175	Affiliate short-term borrowings	4,398
				Payment of interest ⁵	27	Accrued expenses	—
Subsidiary	OMRON SWITCH & DEVICES Corporation	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing ³	4,159	Affiliate short-term borrowings	3,842
				Payment of interest ⁵	26	Accrued expenses	—
Subsidiary	OMRON Field Engineering Co., Ltd.	Indirect ownership, 100%	Borrowing Dispatch of Directors	Borrowing ³	6,454	Affiliate short-term borrowings	5,995
				Payment of interest ⁵	40	Accrued expenses	—
Subsidiary	OMRON Finance Co., Ltd.	Direct ownership, 100%	Lending Dispatch of Directors	Lending ⁴	9,903	Affiliate short-term loans	8,498
				Receipt of interest ⁵	83	Accounts receivable	—
Subsidiary	OMRON Social Solutions Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing ³	6,403	Affiliate short-term borrowings	6,081
				Payment of interest ⁵	42	Accrued expenses	—
Subsidiary	OMRON Management Center of America, Inc.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing ⁶	4,243	Affiliate short-term borrowings	5,168
				Payment of interest ⁵	31	—	—

Transaction Terms and Relevant Policies

Notes: 1. Transaction terms are determined through negotiation based on the market price.

2. Consumption taxes are not included in values of transactions, but included in year-end balances.

3. 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).

4. 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 JPY 0 or less. Borrowing and lending amounts are the average of the ending monthly balance for the relevant period (negative balance in the case of borrowing).

5. Loan interest is determined on the basis of market interest rates.

6. Value of transactions is the average month-end amount.

Per Share Information

1. Net assets per share	JPY 1,017.88
2. Net income per share	JPY 39.65

Business Combinations and Business Divestitures

Based on a resolution at a Board of Directors meeting held January 28, 2011, the Company spun off the social systems business operations conducted by its Social Systems, Solutions and Service Business (SSB) to its wholly owned subsidiary OMRON Social Solutions Co., Ltd., through a company split.

- (1) Name and Business Description of Affected Business, Date of Spin-off, Spin-off Method, Name of Assuming Company, and Summary of Transaction including Purpose of Transaction
 - 1) Name and Business Description of Affected Business
 - Name of Business: Social system business
 - Business Description: Manufacture, sale, repair, and maintenance of railway-related systems (ticket gates and ticket vending machines, etc.) and road traffic-related systems (traffic control systems, etc.)
 - 2) Date of Spin-off
 - April 1, 2011
 - 3) Spin-off Method
 - This is an absorption-type split in which the Company is the divesting company and its wholly-owned subsidiary OMRON Social Solutions Co., Ltd. is the assuming company. The Company implemented the spin-off through a simple corporate split according to the provisions of Article 784-3 of the Companies Act of Japan, without seeking shareholder approval at a general meeting of shareholders, as the spin-off satisfies the requirements of the said Article.
 - 4) Name of Assuming Company
 - OMRON Social Solutions Co., Ltd.
 - 5) Summary of Transaction Including Purpose of Transaction
 - The Company has been carrying out structural reform across its entire Group. In the social systems business, safety and security related needs have expanded rapidly in recent years, in addition to the conventional needs of improved convenience and efficiency. The Company judged that more flexible control of management resources and swift decision making would be vital in order to accurately embrace this change in the business environment as a growth opportunity. Therefore, the Company decided to split off the social systems business from SSB for the purpose of improving the profit structure by allowing independent management specializing in this industry.

- (2) Summary of Accounting Methods Used

The transaction was carried out in accordance with accounting for common control transactions based on ASBJ Statement No. 21, "Accounting Standard for Business Combinations," ASBJ Statement No. 7, "Accounting Standard for Business Divestitures," and ASBJ Implementation Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

- (3) Fair book values of the assets and liabilities in respect of the transferred business and their schedule

Current Assets	JPY 18,836 million
Fixed Assets	JPY 9,796 million
Total Assets	JPY 28,632 million
Current Liabilities	JPY 3,308 million
Long-term liabilities	JPY 2,060 million
Total Liabilities	JPY 5,368 million
Cost of an Investment in a Subsidiary	JPY 21,193 million

- (4) Reportable segment which contained the split business
 - Social Systems, Solutions and Service Business