

To All Shareholders:

Stock Code: 6645

May 26, 2016

Yoshihito Yamada
Representative Director and President

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

**CONVOCAATION NOTICE FOR THE 79TH ORDINARY GENERAL
MEETING OF SHAREHOLDERS**

Notice is hereby given that the 79th Ordinary General Meeting of Shareholders will be held as detailed below, and your attendance is cordially requested.

In the event that you are unable to attend the Meeting, you may exercise your voting rights in writing or by electronic methods. You are kindly requested to examine the attached Reference Materials for the General Meeting of Shareholders and to exercise your voting rights no later than 5:30 p.m. on Wednesday, June 22, 2016.

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

1. Date: Thursday, June 23, 2016, 10:00 a.m.
(The reception is scheduled to start at 9:00 a.m.)
2. Place: Banquet room “Genji,” 3rd Floor of Hotel Granvia Kyoto (inside Kyoto Station building)
Karasuma-dori, Shiokoji-sagaru, Shimogyo-ku, Kyoto
3. Agenda:
 - A. Reports
 1. The Business Report, Consolidated Financial Statements, and the Reports of the Accounting Auditors and Audit & Supervisory Board on the Results of Audits of Consolidated Financial Statements for the 79th Fiscal Year (April 1, 2015 to March 31, 2016)
 2. Financial Statements for the 79th Fiscal Year
(April 1, 2015 to March 31, 2016)
 - B. Proposals
 - No. 1 Dividends from Retained Earnings
 - No. 2 Election of Eight (8) Directors
 - No. 3 Election of One (1) Audit & Supervisory Board Member
 - No. 4 Election of One (1) Alternate Audit & Supervisory Board Member
 - No. 5 Payment of Yearly Performance-Linked Bonuses to Directors

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and Reference Items

No. 1: Dividends from Retained Earnings

OMRON has set the objective of maximizing the Company's corporate value over the long term. Appropriate returns to shareholders and growth to expand earnings over the long-term are positioned as management priorities. Specifically, the Company will payout dividends of 30% of consolidated net income after securing internal capital resources for necessary R&D expenditures, capital investments and other investments in growth to increase its corporate value. This represents the application of the "payout ratio of 30%" a year ahead of the original schedule, which had been aimed in the medium-term management plan towards fiscal 2016.

Based on this policy, the Company plans to pay a year-end dividend of JPY 34 per share.

As the Company has paid an interim cash dividend of JPY 34 per share, total cash dividends for the fiscal year will be JPY 68 per share.

(1) Type of dividend assets:

Cash

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

JPY 34 per share of common stock. Total amount JPY 7,269,498,316

(3) Effective date of the dividend:

June 24, 2016

No. 2: Election of Eight (8) Directors

The terms of all eight (8) Directors will expire at the close of this General Meeting of Shareholders.

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

The Director candidates are as stated on page 4 to 11.

Candidate number	Name	Current position in the Company	Tenure as Director
1	<Reelection> Mr. Fumio Tateishi	Chairman of the Board of Directors	10 years
2	<Reelection> Mr. Yoshihito Yamada	Representative Director and President	5 years
3	<Reelection> Mr. Yoshinori Suzuki	Representative Director and Executive Vice President	3 years
4	<Reelection> Mr. Akio Sakumiya	Director and Executive Vice President	5 years
5	<Reelection> Mr. Koji Nitto	Director	2 years
6	<Reelection> Mr. Kazuhiko Toyama <Outside Officer candidate> <Independent Officer candidate>	Director (Independent)	9 years
7	<Reelection> Mr. Eizo Kobayashi <Outside Officer candidate> <Independent Officer candidate>	Director (Independent)	3 years
8	<Reelection> Ms. Kuniko Nishikawa <Outside Officer candidate> <Independent Officer candidate>	Director (Independent)	1 year

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
1	Mr. Fumio Tateishi (July 6, 1949) Reelection Tenure as Director: 10 years Attendance at the Board of Directors meetings during fiscal 2015: 13/13 times (100%)	<p>Aug. 1975 Joined the Company June 1997 Appointed Director June 1999 Retired as Director, appointed Managing Executive Officer June 2001 Appointed Senior General Manager of Corporate Strategic Planning H.Q. June 2003 Appointed Executive Officer and Executive Vice President, and President of Industrial Automation Business Company June 2008 Appointed Director and Executive Vice Chairman June 2013 Appointed Chairman of the Board of Directors (to present)</p> <p><i>Area of responsibility in the Company:</i> Chairman of the Board of Directors Member of CEO Selection Advisory Committee</p> <p><Reasons nominated as a candidate> Mr. Fumio Tateishi serves as Chairman of the Board of Directors as Director not engaged in business execution, and in this role he manages the Board of Directors in an appropriate manner and supervises the corporate management properly with an aim to achieve the long-term vision. Mr. Tateishi actively comments as a member of the CEO Selection Advisory Committee to contribute to increasing transparency and fairness in the appointment of President. Furthermore, he actively makes proposals for dissemination of the corporate principles within the Group based on his visits to domestic and overseas sites. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director.</p>	1,219,601

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

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

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
2	Mr. Yoshihito Yamada (November 30, 1961) Reelection Tenure as Director: 5 years Attendance at the Board of Directors meetings during fiscal 2015: 13/13 times (100%)	<p>April 1984 Joined the Company</p> <p>June 2008 Appointed Executive Officer, and Representative Director and President of OMRON Healthcare Co., Ltd.</p> <p>March 2010 Appointed Senior General Manager of Corporate Strategic Planning H.Q.</p> <p>June 2010 Appointed Managing Executive Officer</p> <p>June 2011 Appointed Representative Director and President (to present)</p> <p><i>Area of responsibility in the Company:</i> CEO</p> <p><Reasons nominated as a candidate> Mr. Yoshihito Yamada appropriately supervises the corporate management as Representative Director and President. By providing sufficient and adequate explanations on significant management issues at the Board of Directors, Mr. Yamada contributes to improve the decision-making function of the Board of Directors. Furthermore, Mr. Yamada leads the management as CEO in an effort to achieve sustained improvements in corporate value by putting the corporate principles in practice. Based on these factors, the Company believes that he is a suitable person for serving as leader for the achievement of the long-term vision and therefore requests his reelection as a Director.</p>	28,757

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

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

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
3	Mr. Yoshinori Suzuki (April 27, 1952) Reelection Tenure as Director: 3 years Attendance at the Board of Directors meetings during fiscal 2015: 13/13 times (100%)	<p>April 1975 Joined the Company</p> <p>June 2003 Appointed Executive Officer and Senior General Manager of Corporate Planning H.Q.</p> <p>June 2006 Appointed Managing Executive Officer</p> <p>March 2007 Appointed President of Automotive Electronic Components Company</p> <p>May 2010 Appointed Representative Director and President of OMRON Automotive Electronics Co. Ltd.</p> <p>April 2013 Appointed Senior Managing Executive Officer and Chief Financial Officer (CFO)</p> <p>June 2013 Appointed Senior Managing Director and CFO</p> <p>June 2014 Appointed Representative Director and Executive Vice President, and CFO (to present)</p> <p><i>Area of responsibility in the Company:</i> CFO Member of Personnel Advisory Committee</p> <p><Reasons nominated as a candidate> Mr. Yoshinori Suzuki appropriately supervises the corporate management based on a financial perspective as Executive Vice President and Representative Director. Mr. Suzuki actively comments as a member of the Personnel Advisory Committee to contribute to increasing transparency and fairness in the appointment of officers. Further, in addition to executing business operations in order to respond swiftly to changes in the economic situation and business environment as CFO, he contributes to the promotion of efficient and effective corporate governance at a global level. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director.</p>	24,258

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

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

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
4	Mr. Akio Sakumiya (September 10, 1952) Reelection Tenure as Director: 5 years Attendance at the Board of Directors meetings during fiscal 2015: 13/13 times (100%)	<p>April 1975 Joined the Company</p> <p>June 2003 Appointed Executive Officer, and Representative Director and President of OMRON Ichinomiya Co., Ltd. (now OMRON Amusement Co., Ltd.)</p> <p>March 2009 Appointed President of Electronic Components Business Company</p> <p>June 2010 Appointed Managing Executive Officer</p> <p>June 2011 Appointed Senior Managing Director</p> <p>June 2014 Appointed Executive Vice President and Director (to present)</p> <p><i>Area of responsibility in the Company:</i> Vice Chairman of Personnel Advisory Committee Vice Chairman of CEO Selection Advisory Committee Vice Chairman of Compensation Advisory Committee</p> <p><Reasons nominated as a candidate> Mr. Akio Sakumiya serves as Director not engaged in business execution, and in this role he appropriately supervises the corporate management with an aim to achieve the long-term vision. Mr. Sakumiya actively comments as a Vice Chairman of the Personnel Advisory Committee, CEO Selection Advisory Committee and the Compensation Advisory Committee to contribute to improving transparency and fairness in the appointment of officers and President and compensation of Directors. In addition, from an objective perspective across the borders of business segments, he contributes to the improvement of Group governance through dialogue with onsite employees and proposals on measures for the development of managers. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director.</p>	26,860

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

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

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
5	Mr. Koji Nitto (February 1, 1961) Reelection Tenure as Director: 2 years Attendance at the Board of Directors meetings during fiscal 2015: 13/13 times (100%)	<p>April 1983 Joined the Company March 2011 Appointed Senior General Manager of Global Resource Management H.Q. June 2011 Appointed Executive Officer March 2013 Concurrently appointed Senior General Manager of Global SCM and IT Innovation H.Q. April 2013 Appointed Managing Executive Officer March 2014 Appointed Senior General Manager of Global Strategy H.Q. (to present) April 2014 Appointed Senior Managing Executive Officer (to present) June 2014 Appointed Director (to present)</p> <p><i>Area of responsibility in the Company:</i> Senior Managing Executive Officer Senior General Manager of Global Strategy H.Q. Member of Compensation Advisory Committee</p> <p><Reasons nominated as a candidate> Mr. Koji Nitto appropriately supervises the corporate management based on a strategic perspective as Director. Mr. Nitto actively comments as a member of the Compensation Advisory Committee to contribute to increasing transparency and fairness of compensation of Directors. Furthermore, as Senior General Manager of Global Strategy H.Q., he drafts and executes strategies, and practices planned and appropriate management of the Group by confirming the status of strategy implementation in each business. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director.</p>	9,702

Notes 1. There are no special interests between the Company and Mr. Koji Nitto.

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

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
6	Mr. Kazuhiko Toyama (April 15, 1960) <Outside Officer candidate> <Independent Officer candidate> Reelection Tenure as Director: 9 years Attendance at the Board of Directors meetings during fiscal 2015: 12/13 times (92.3%)	<p>April 1985 Joined Boston Consulting Group, Inc. April 1986 Established Corporate Direction Co., Ltd. March 1993 Appointed Director of Corporate Direction Co., Ltd. April 2000 Appointed Managing Director of Corporate Direction Co., Ltd. April 2001 Appointed President and CEO of Corporate Direction Co., Ltd. April 2003 Appointed COO & Executive Managing Director of Industrial Revitalization Corporation of Japan (IRCJ) April 2007 Appointed President and CEO of Industrial Growth Platform, Inc. (to present) June 2007 Appointed Director (Independent) of the Company (to present)</p> <p><i>Areas of responsibility in the Company:</i> Chairman of Personnel Advisory Committee Chairman of CEO Selection Advisory Committee Chairman of Corporate Governance Committee Member of Compensation Advisory Committee</p> <p><i>Significant concurrent positions:</i> CEO of Industrial Growth Platform, Inc. Outside Director of PIA Corporation Outside Director of Panasonic Corporation (to be appointed in June 2016)</p> <p><Reasons nominated as a candidate> Having served in a number of corporate management positions for many years, Mr. Kazuhiko Toyama has superior insight into management and appropriately supervises the corporate management as Director (Independent). In addition, Mr. Toyama is particularly familiar with corporate governance issues, and actively comments as Chairman of the Personnel Advisory Committee, CEO Selection Advisory Committee and Corporate Governance Committee to contribute to increasing transparency and fairness in the management of the Company. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director (Independent).</p>	6,800

Notes 1. Mr. Kazuhiko Toyama currently serves as CEO of Industrial Growth Platform, Inc. (IGPI). While the Group has concluded a consulting contract with the IGPI Group, such transactions in fiscal 2015 accounted for less than 1% of the consolidated net sales of the Group and those of the IGPI Group; there is nothing questionable regarding the independence of Mr. Toyama, and there is no special interests between Mr. Toyama and the Company.

2. Mr. Kazuhiko Toyama is currently a Director (Independent) of the Company, and the Company has provided notification as an Independent Officer to Tokyo Stock Exchange, Inc. If Mr. Toyama's reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange, Inc. Details of "The Company's policy regarding the independence of Outside Officers" are described on page 12.
3. The Company has established a provision in its articles of incorporation for limited liability agreements with Directors (Independent) and Audit & Supervisory Board Members (Independent) with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. Accordingly, the Company has formed a limited liability agreement with Mr. Kazuhiko Toyama that sets the amount of his liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher. If Mr. Toyama's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
7	Mr. Eizo Kobayashi (January 7, 1949) <Outside Officer candidate> <Independent Officer candidate> Reelection Tenure as Director: 3 years Attendance at the Board of Directors meetings during fiscal 2015: 13/13 times (100%)	<p>April 1972 Joined ITOCHU Corporation June 2000 Appointed Executive Officer of ITOCHU Corporation April 2002 Appointed Managing Executive Officer of ITOCHU Corporation June 2003 Appointed Representative Director and Managing Director of ITOCHU Corporation April 2004 Appointed Representative Director and Senior Managing Director of ITOCHU Corporation June 2004 Appointed President and CEO of ITOCHU Corporation April 2010 Appointed Chairman and Representative Director of ITOCHU Corporation June 2011 Appointed Chairman of ITOCHU Corporation (to present) June 2013 Appointed Director (Independent) of the Company (to present)</p> <p><i>Areas of responsibility in the Company:</i> Chairman of Compensation Advisory Committee Vice Chairman of Corporate Governance Committee Member of Personnel Advisory Committee Member of CEO Selection Advisory Committee</p> <p><i>Significant concurrent positions:</i> Chairman of ITOCHU Corporation (plans to retire from position of Director in June 2016) Chairman of ITOCHU Foundation Chairman of Japan Foreign Trade Council, Inc. Outside Director of Nippon Venture Capital Co., Ltd. Outside Audit & Supervisory Board Member of Asahi Mutual Life Insurance Company External Director of Japan Airlines Co., Ltd. Outside Director of Japan Exchange Group, Inc. (to be appointed in June 2016)</p> <p><Reasons nominated as a candidate> Having served as chairman of a global company, Mr. Eizo Kobayashi has experience in proactive business development in a wide range of fields along with superior insight into management and appropriately supervises the corporate management as a Director (Independent). In addition, Mr. Kobayashi shares his experience and insight as a management expert, and actively comments as Chairman of the Compensation Advisory Committee to contribute to increasing transparency and fairness in the management of the Company. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director (Independent).</p>	3,916

- Notes 1. Mr. Eizo Kobayashi currently serves as Chairman of ITOCHU Corporation. While the Group has a business relationship with the ITOCHU Group including sales of products, such transactions in fiscal 2015 accounted for less than 1% of the consolidated net sales of the Group and those of the ITOCHU Group; there is nothing questionable regarding the independence of Mr. Kobayashi, and there are no special interests between Mr. Kobayashi and the Company.
2. Mr. Eizo Kobayashi is currently a Director (Independent) of the Company, and the Company has provided notification as an Independent Officer to Tokyo Stock Exchange, Inc. If Mr. Kobayashi's reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange, Inc. Details of "The Company's policy regarding the independence of Outside Officers" are described on page 12.
3. The Company has established a provision in its articles of incorporation for limited liability agreements with Directors (Independent) and Audit & Supervisory Board Members (Independent) with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. Accordingly, the Company has formed a limited liability agreement with Mr. Eizo Kobayashi that sets the amount of his liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher. If Mr. Kobayashi's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
4. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
8	Ms. Kuniko Nishikawa (July 9, 1962) <Outside Officer candidate> <Independent Officer candidate> Reelection Tenure as Director: 1 year Attendance at the Board of Directors meetings during fiscal 2015: 10/10 times (100%)	<p>April 1986 Joined Citibank N.A. Feb. 1996 Joined A.T. Kearney, Inc. Sep. 2000 Appointed President & CEO of Supernurse Co. Ltd. Aug. 2010 Established Firststar Healthcare Co. Ltd. Appointed President & CEO of Firststar Healthcare Co. Ltd. (to present) June 2013 Appointed President of Benesse MCM Corp. (to present) June 2015 Appointed Director (Independent) of the Company (to present)</p> <p><i>Areas of responsibility in the Company:</i> Member of Personnel Advisory Committee Member of CEO Selection Advisory Committee Member of Compensation Advisory Committee Member of Corporate Governance Committee</p> <p><i>Significant concurrent positions:</i> President & CEO of Firststar Healthcare Co. Ltd. President of Benesse MCM Corp. Non-Executive Director and Member of the Regional Economy Vitalization Committee of Regional Economy Vitalization Corporation of Japan</p> <p><Reasons nominated as a candidate> Ms. Kuniko Nishikawa has abundant international experience, and, having started her own company after experience in a global management consulting firm and management of a medical staffing company, she has a diverse track record of management achievements and superior insight and appropriately supervises corporate management as a Director (Independent). In addition, Ms. Nishikawa shares her experience and insight as management expert, and actively comments as a member of the Personnel Advisory Committee, CEO Selection Advisory Committee, Compensation Advisory Committee and Corporate Governance Committee to contribute to increasing transparency and fairness in the management of the Company. Based on these factors, the Company believes that she is a suitable person for achieving sustained improvements in corporate value and therefore requests her reelection as a Director (Independent).</p>	0

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

2. Ms. Kuniko Nishikawa is currently a Director (Independent) of the Company, and the Company has provided notification as an Independent Officer to Tokyo Stock Exchange, Inc. If Ms. Nishikawa's reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange, Inc. Details of "The Company's policy regarding the independence of Outside Officers" are described on page 12.
3. The Company has established a provision in its articles of incorporation for limited liability agreements with Directors (Independent) and Audit & Supervisory Board Members (Independent) with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. Accordingly, the Company has formed a limited liability agreement with Ms. Kuniko Nishikawa that sets the amount of her liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher. If Ms. Nishikawa's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
4. Ms. Kuniko Nishikawa was newly elected and appointed as Director at the 78th Ordinary General Meeting of Shareholders held on June 23, 2015, and therefore her attendance figures are stated for the Board of Directors meetings held on and after June 23, 2015.

The Company's policy regarding the independence of Outside Officers

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

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

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

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

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

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

No. 3: Election of One (1) Audit & Supervisory Board Member

The term of office of the Audit & Supervisory Board Member Mr. Eisuke Nagatomo will expire at the close of this General Meeting of Shareholders. The Company therefore requests the election of one (1) new Audit & Supervisory Board Member.

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

The Audit & Supervisory Board Member 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
<p>Mr. Hideyo Uchiyama (March 30, 1953) <Outside Officer candidate> <Independent Officer candidate> New candidate</p>	<p>Nov. 1975 Joined Arthur Young & Company Dec. 1979 Joined Asahi Accounting Company (now KPMG AZSA LLC) March 1980 Registered as Certified Public Accountant July 1999 Appointed Representative Partner of KPMG AZSA LLC May 2002 Appointed Board Member of KPMG AZSA LLC June 2006 Appointed Executive Board Member of KPMG AZSA LLC June 2010 Appointed Managing Partner of KPMG AZSA LLC Appointed Chairman of KPMG Japan Sep. 2011 Appointed Chairman of KPMG Asia Pacific Oct. 2013 Appointed CEO of KPMG Japan Sep. 2015 Appointed Executive Advisor of ASAHI Tax Corporation (to present)</p> <p><i>Significant concurrent positions:</i> Executive Advisor of ASAHI Tax Corporation</p> <p><Reasons nominated as a candidate> Having served as a top executive for an auditing firm and for the Asia Pacific region of an international accounting firm, Mr. Hideyo Uchiyama has abundant experience and superior insight. Furthermore, he has years of working experience as a certified public accountant in an auditing firm and considerable knowledge regarding finance and accounting. Although he has not been involved directly in corporate management, based on these accomplishments and considerable amount of experience, the Company believes that he is a suitable person for an Audit & Supervisory Board Member and therefore requests his election as an Audit & Supervisory Board Member (independent).</p>	<p>0</p>

Notes: 1. There are no special interests between the Company and Mr. Hideyo Uchiyama.

2. Mr. Hideyo Uchiyama is an Audit & Supervisory Board Member (Independent) candidate, and meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc. If Mr. Uchiyama's election is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange, Inc. Details of "The Company's policy regarding the independence of Outside Officers" are described on page 12.

3. The Company has established a provision in its articles of incorporation for limited liability agreements with Directors (Independent) and Audit & Supervisory Board Members (Independent) with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. If Mr. Uchiyama's election is approved, the Company plans to form a limited liability agreement with Mr. Uchiyama 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.

(Reference)

If this item is approved and resolved as proposed, the members of the Audit & Supervisory Board will be as follows.

Name	Position in the Company	Tenure as Audit & Supervisory Board Member
<Incumbent> Mr. Kiichiro Kondo	Audit & Supervisory Board Member (Full-time)	1 year
<Incumbent> Mr. Tokio Kawashima	Audit & Supervisory Board Member (Full-time)	5 years
<Incumbent> Mr. Yoshifumi Matsumoto <Outside Officer> <Independent Officer>	Audit & Supervisory Board Member (Independent)	3 years
<Newly elected> Mr. Hideyo Uchiyama <Outside Officer> <Independent Officer>	Audit & Supervisory Board Member (Independent)	-

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

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

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

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

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

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

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

2. Mr. Toru Watanabe is an Alternate Audit & Supervisory Board Member candidate, and meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc. Details of “The Company’s policy regarding the independence of Outside Officers” are described on page 12.

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

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

Based on the “Policy on Determining Amount of Compensation, etc., and Methods Used for Calculation” stated on page 34 of this Convocation Notice, the Company requests shareholders to approve payment of a total of JPY 117,740,000 in yearly performance-linked bonuses to five (5) Directors as of March 31, 2016, excluding Directors (Independent).

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

Basic principles of compensation for officers stated on page 36 are also shown on the following page.

Basic Principles of Compensation for Officers

- Compensation for Directors and Executive Officers shall be based on the implementation of the Company's motto and corporate principles (the Omron Principles).
- The Company shall pay compensation sufficient to recruit, hire and maintain exceptional personnel as officers.
- The compensation structure shall contribute to long-term maximization of corporate value by providing motivation for Directors and Executive Officers.
- The compensation structure shall maintain a high level of transparency, fairness and rationality, to ensure account ability to shareholders and other stakeholders.
 - To ensure transparency, fairness and rationality in the compensation for individuals, each Director / Executive Officer's compensation shall be set by consultation with the Compensation Advisory Committee.
- The purpose of compensation shall be made clear, and a compensation plan shall be created according to the roles and responsibilities of each Director / Executive Officer.

Compensation Policy for Directors

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

Compensation Policy for Audit & Supervisory Board Members

- Compensation for Audit & Supervisory Board Members shall consist only of a base salary that reflects their roles. It shall be sufficient to recruit, hire and maintain excellent personnel.
- No retirement bonuses shall be paid.
- The level of compensation shall be determined by taking into account the levels of other companies surveyed by a specialized outside organization.

- Notes: 1. The guidelines for stock compensation shall consist of a fixed amount of compensation given each month to Directors, who will use it to make monthly purchases of the Company's stock (through the officers' stockholding association) and hold this stock during their term of office.
2. The performance-linked stock acquisition rights are issued with charge at a price equivalent to the fair value of the stock acquisition rights, thus the amount to be paid in exchange for stock acquisition rights is not favorable for individuals who are allotted the stock acquisition rights. Because of this, the stock acquisition rights do not fall under the category of compensation for Directors, and thus they shall be issued via a resolution by the Company's Board of Directors.

Business Report (Consolidated)

(April 1, 2015 to March 31, 2016)

1. Current State of the OMRON Group

(1) Consolidated Results

General Overview

In fiscal 2015 (ended March 31, 2016), both net sales and operating income of the OMRON Group decreased compared with the previous fiscal year. Despite increases in the Industrial Automation Business, the Automotive Electronic Components Business and the Healthcare Business, net sales declined year on year due to the particularly sharp decline in performance of the businesses under the direct control of headquarters (Other Businesses). Operating income decreased compared with the same period of the previous fiscal year due to factors including the weak performance in the Other segment (businesses under direct control of headquarters) and expansion of investment for growth.

The OMRON Group's perception of the economic environment in fiscal 2015 is as follows.

Economic and Market Conditions by Region

Japan: Capital investment and employment and income environment continued to recover moderately.

The Americas: Conditions were firm in the United States as improvement in the employment and income environment resulted in growth in personal consumption and corporate activity.

Europe: Moderate recovery continued.

China: The Chinese economy slowed further due mainly to a decline in the rate of growth of fixed asset investment and retail sales.

Asia: Although business conditions in South Korea were on a recovery track, a sense of uncertainty continued in Thailand, Indonesia and elsewhere.

Conditions in the OMRON Group's Primary Related Markets

Automotive-related: Demand for components was weak in Japan due to a decrease in sales of *keijidosha* (a class of small automobiles defined by Japanese standards), but was firm in the United States.

Semiconductor-related: Demand for smartphones and other products decreased and capital investment demand was weak.

Machine tool-related: Capital investment demand decreased in Japan and overseas.

Home appliance and electronic component-related: Capital investment demand was firm, while demand for components was slack in China.

Healthcare equipment-related: Conditions were weak in Russia and Eastern Europe due to the downturn in business conditions, and firm in other emerging markets.

Net sales	JPY 833,604 million, 1.6 percent decrease year on year
Operating income	JPY 62,287 million, 28.1 percent decrease year on year
Income before income taxes	JPY 65,686 million, 24.8 percent decrease year on year
Net income attributable to shareholders	JPY 47,290 million, 23.9 percent decrease year on year

Average exchange rates for fiscal 2015:

USD 1 = JPY 120.2

EUR 1 = JPY 132.2

The average exchange rates for the year ended March 31, 2016 were USD 1 = JPY 120.2 (10.2 yen more than the previous fiscal year) and EUR 1 = JPY 132.2 (6.5 yen less than the previous fiscal year).

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

Results by Business Segment

IAB: Industrial Automation Business

Outline of business

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

Major products/services

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

In Japan, capital investment demand was firm in automotive, electronic component-related and other industries, and sales in Japan for the fiscal year increased compared with the previous fiscal year.

Overseas, in the Americas, demand declined, mainly from oil and gas-related businesses, and performance was weak. In Europe, demand was firm, based on a moderate recovery trend. In Greater China, overall demand was weak due to the impact of stagnant business conditions from the second half of the fiscal year. In Asia, although demand was weak due to the impact of a slowdown in market conditions and weaker currencies in ASEAN and other emerging markets, demand was firm in electronic component-related industries in South Korea. With the addition of the impact of currency translation to these results, overseas sales for the fiscal year remained flat compared with the previous fiscal year.

Although sales increased, operating income decreased substantially compared with the previous fiscal year due to expanded investment for growth and other factors.

As a result, segment sales for the fiscal year totaled JPY 335,959 million, an increase of 1.2 percent compared with the previous fiscal year, and operating income totaled JPY 47,929 million, a decrease of 12.2 percent compared with the previous fiscal year.

EMC: Electronic and Mechanical Components Business

Outline of business

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

Major products/services

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

In Japan, while demand from the professional/consumer-use markets remained firm, due to the weak demand in the automotive-related industry brought about by the increase in the tax rate for *keijidosha*, sales decreased compared with the previous fiscal year.

Overseas, in the Americas, demand in automotive-related industries was strong. In Europe, demand was firm in the professional/consumer-use markets. In Greater China, demand was weak in automotive-related industries and the professional/consumer-use markets due to a slowdown in business conditions. With the addition of the impact of currency translation to these results, overseas sales for the fiscal year remained flat compared with the previous fiscal year.

Operating income decreased substantially compared with the previous fiscal year due to increased investment to raise productivity and other factors, despite flat sales.

As a result, segment sales for the fiscal year totaled JPY 103,681 million, a decrease of 0.3 percent compared with the previous fiscal year, and operating income totaled JPY 8,494 million, a decrease of 16.5 percent compared with the previous fiscal year.

AEC: Automotive Electronic Components Business

Outline of business

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

Major products/services

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

In Japan, as a result of factors including a decrease in the number of automobiles sold due to the increase in the tax rate for *keijidosha*, sales in Japan for the fiscal year decreased substantially compared with the previous fiscal year.

Overseas, demand increased significantly in the Americas underpinned by the strong US economy. In Greater China, demand decreased due to inventory adjustments by customers. With the addition of the impact of currency translation to these results, overseas sales for the fiscal year increased compared with the same period of the previous fiscal year.

Operating income decreased substantially compared with the previous fiscal year due to factors including the decrease in sales in Japan and an increase in research and development expenses.

As a result, segment sales for the fiscal year totaled JPY 139,966 million, an increase of 1.5 percent compared with the previous fiscal year, and operating income totaled JPY 7,342 million, a decrease of 20.5 percent compared with the previous fiscal year.

SSB: Social Systems, Solutions and Service Business

Outline of business

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

Major products/services

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

In the public transportation systems business, Capital investment demand for renewal of station equipment was firm, and sales for the year increased substantially compared with the previous fiscal year.

In the traffic and road control systems business, security and safety-related demand from expressway businesses was firm, and sales for the fiscal year increased compared with the previous fiscal year.

In the environmental solutions business, demand was weak in the solar power generation-related market, and sales for the fiscal year decreased substantially compared with the previous fiscal year.

Operating income decreased substantially compared with the previous fiscal year due to factors including the decrease in sales.

As a result, segment sales for the fiscal year were JPY 77,538 million, a decrease of 3.6 percent compared with the previous fiscal year, and operating income totaled JPY 3,198 million, a decrease of 36.0 percent compared with the previous fiscal year.

HCB: Healthcare Business

Outline of business

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

Major products/services

Digital blood pressure monitors, digital thermometers, body composition monitors, pedometers and activity meters, electric toothbrushes, sleep time monitors, sleep monitors, low-frequency therapy equipment, massagers, blood glucose monitors, moisturizing devices, biometric monitors, nebulizers, oxygen generators,

ECGs, vascular screening devices, visceral fat monitors, spot check monitors, WellnessLINK services, Medical Link services

In Japan, sales of healthcare equipment for household use were firm due to strengthening of storefront sales promotions for blood pressure monitors and other new products as well as for products such as massagers, in addition to capturing demand from tourists visiting Japan in cities. Demand for equipment for medical institutions was weak due to a decline in capital investment. As a result, sales in Japan for the fiscal year were flat compared with the previous fiscal year.

Overseas, in the Americas, demand increased substantially centered on nebulizers in South America due to the effects of the integration of a company acquired in Brazil and other factors. In Europe, demand was weak as sluggish business conditions continued in Russia and surrounding countries. In China and other Asian countries, performance was strong as demand for healthcare equipment continued to increase. With the addition of the impact of currency translation to these results, overseas sales for the fiscal year increased substantially compared with the previous fiscal year.

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

Operating income increased substantially compared with the previous fiscal year due to the increase in sales and other factors.

As a result, segment sales for the fiscal year were JPY 108,121 million, an increase of 7.5 percent compared with the previous fiscal year, and operating income totaled JPY 7,285 million, an increase of 11.9 percent compared with the previous fiscal year.

Businesses under direct control of headquarters (Other Businesses)

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

Outline of business

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

Major products/services

*Environmental Business

Solar power conditioners, electricity storage system, electrical power measuring devices, power protection devices

*Electronic Systems and Equipment Business

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

*Micro Devices Business

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

*Backlight Business

High-quality backlight units for LCDs

In the environmental business, demand was weak in the solar power generation-related market, and sales for the fiscal year decreased substantially compared with the previous fiscal year.

In the electronic systems and equipment business, demand was strong for uninterruptible power supplies and contract services for development and production of electronic devices, and sales for the year ended March 31, 2016 increased compared with the previous fiscal year.

In the micro devices business, sales for the fiscal year decreased compared with previous fiscal year due to a decrease in demand for microphones for smartphones.

In the backlight business, sales for the fiscal year decreased substantially compared with the previous fiscal year due to a decrease in demand in the smartphone market in Greater China

Operating income decreased substantially compared with the previous fiscal year due to factors including the decrease in sales.

As a result, segment sales were JPY 63,028 million, a decrease of 27.9 percent compared with the previous fiscal year, and operating loss totaled JPY 4,119 million.

Sales by Division (Consolidated) (OMRON Group)

Division	Amount (JPY millions)	Share of total (%)	Year-on-year comparison (%)
Industrial Automation Business	335,959	40	101
Electronic and Mechanical Components Business	103,681	12	100
Automotive Electronic Components Business	139,966	17	102
Social Systems, Solutions and Service Business	77,538	9	96
Healthcare Business	108,121	13	107
Businesses under direct control of headquarters (Other Businesses)	63,028	8	72
Eliminations & Corporate	5,311	1	103
Total	833,604	100	98

Notes: 1. "Businesses under direct control of headquarters (Other Businesses)" include 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.

(2) Capital Investment

The OMRON Group, despite the worse-than-expected downturn in the business environment, continued to press ahead with infrastructure investments for future growth and proactive capital investment to increase productivity. As a result, total capital investment was JPY 36,859 million, a 3.4% decrease from the previous fiscal year but exceeding depreciation and amortization.

Capital investment amounts by division were as shown below.

Division	Amount (JPY millions)
Industrial Automation Business	5,286
Electronic and Mechanical Components Business	8,882
Automotive Electronic Components Business	6,861
Social Systems, Solutions and Service Business	1,462
Healthcare Business	2,756
Businesses under direct control of headquarters (Other Businesses)	5,363
Eliminations & Corporate	6,249
Total	36,859

Notes: 1. "Businesses under direct control of headquarters (Other Businesses)" include the environmental business, electronic systems and equipment business, micro devices business and backlight business.
2. "Eliminations & Corporate" includes the figures of head office divisions and subsidiaries and affiliates outside the scope of the above divisions.

(3) Capital Procurement

Due to the efficient use of the Group's internal capital, the Group did not conduct any material external procurement of capital necessary for its business activities including working capital and capital investments during the fiscal year.

(4) Issues Facing the Company

The Omron Group aims to become a “global value-creating group that is qualitatively and quantitatively superior” by conducting management based on “Value Generation 2020” (VG2020), its ten-year long-term vision formulated in 2011.

As the second stage of VG2020, the EARTH-1 STAGE for the three years from fiscal 2014 to fiscal 2016 sets forth a policy of “Establishing a ‘self-driven’ growth structure” that can grow based on its own power in any operating environment.

In fiscal 2015, the second year of EARTH-1 STAGE, we set “Accelerate EARTH-1: Accelerate the creation of an engine for ‘self-driven’ growth and pursue results” as our target, and worked to strengthen “growth power,” “earning power” and “the power to deal with change.” However, sales and profits in fiscal 2015 decreased due to a slump in demand in the solar power generation and smartphone markets and the impact of drastic changes in the operating environment including a slowdown in the Chinese economy and currency depreciation in emerging markets. We are partway through “Establishing a ‘self-driven’ growth structure” that can create value under its own power in any operating environment, and we have become deeply aware of the need to further strengthen “growth power,” “earning power” and “the power to deal with change” for such growth. Our main initiatives in fiscal 2015 were as follows.

For “growth power,” we worked to strengthen our operating foundation for future growth, and even though sales decreased overall, sales of the industrial automation, healthcare and other businesses increased. In the industrial automation business, we acquired a motion controller company and a robot manufacturer in the United States to strengthen its operating foundation and accelerate new value creation in the field of factory automation. In the healthcare business, integration of a nebulizer company in Brazil we acquired in 2014 proceeded on schedule, enabling steady sales growth in Central and South America. In addition, by catching the wave of rapid diffusion of Internet sales, we were also able to increase sales through net channels in China and North America.

For “earning power,” since 2011 we have been focusing on the gross profit margin, and by steadfastly linking head office functional divisions (horizontal) and business divisions (vertical), we are continuing to promote Group-wide efforts to make horizontal expertise lead to vertical results. With the substantial impact from currency translation in fiscal 2015, the gross profit margin worsened by approximately 0.8 points compared with fiscal 2014 to 38.5%. On the other hand, improvement is proceeding steadily due to efforts to reduce costs and our growing power to unfailingly provide products with the high value demanded by customers.

For “the power to deal with change,” we have been raising our receptivity to changes and our reaction speed to cultivate the ability to promptly respond to changes. In the environmental and backlight businesses, which have been impacted by rapid changes in their operating environments, we started business structure reforms in the second half and worked for rapid optimization by reallocating resources to new growth fields and other measures.

We recognize that the operating environment in fiscal 2016 will remain severe, mainly in Japan, which will be significantly impacted by the slackening of the growth rate in China and the effects of the appreciation of the yen, despite a forecast for the external environment of moderate improvement in the global economy. Under these conditions, we have set “‘Rebuilding of the profit structure’ and ‘Creation of an engine for self-driven growth’” as our Group-wide policy, and will rebuild a “strong profit structure” Group-wide as a foundation for profitable growth that is not affected by the operating environment. At the same time, we will continue to make investments that drive the sustainable growth of the whole Group. In addition, we will aim for net sales of JPY 820.0 billion, a gross profit margin of 39.3%, operating income of JPY 63.0 billion, net income attributable to shareholders of JPY 47.5 billion, ROIC of 10% and ROE of 10%. Our main initiatives in fiscal 2016 will be as follows.

For “Rebuilding of the profit structure,” we will further strengthen measures to increase the gross profit margin to secure the capital for investments for growth in all businesses and divisions, and work to substantially improve productivity in indirect divisions cross-divisionally. Among these efforts, we will anticipate market changes in the environmental and backlight businesses, where the operating environments have changed dramatically, to realize profitable growth.

As for “Creation of an engine for self-driven growth,” in addition to the industrial automation and healthcare businesses, which are driving business growth Group-wide, we will carefully select businesses and innovations in the technical divisions that support them to accelerate growth and concentrate investments there. One such area is innovations due to factors such as the Internet of Things (IoT), artificial intelligence (AI) and robotics. IoT technology, which connects all things, will bring about major transformations everywhere from manufacturing sites to automobiles, home appliances, social infrastructure and health management. This social transformation represents a major business opportunity for Omron, with “Sensing & Control + Think” as its core technology.

Our core industrial automation business will capture these opportunities by advocating its new “innovative-Automation” concept. By seamlessly and smoothly combining a broad lineup, including robots, that is peerless in our industry with the world’s fastest controllers for high-speed, high-accuracy control, we will reform manufacturing with Omron’s unique innovation.

Assuming more extreme changes in the operating environment than ever before, our ongoing creation of new value as a pioneer in society, in addition to our flexibility in responding to short-term changes, will lead to growth.

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

(JPY millions)

	75th term (April 1, 2011 to March 31, 2012)	76th term (April 1, 2012 to March 31, 2013)	77th term (April 1, 2013 to March 31, 2014)	78th term (April 1, 2014 to March 31, 2015)	79th term (April 1, 2015 to March 31, 2016)
Net Sales	619,461	650,461	772,966	847,252	833,604
Operating Income	40,136	45,343	68,055	86,591	62,287
Income before Income Taxes	33,547	41,237	62,007	87,388	65,686
Net Income Attributable to Shareholders	16,389	30,203	46,185	62,170	47,290
Basic Net Income Attributable to Shareholders per Share (JPY)	74.46	137.20	209.82	283.89	218.95
Total Assets	537,323	573,637	654,704	711,011	683,325
Shareholders' Equity	320,840	366,962	430,509	489,769	444,718
Shareholders' Equity per Share (JPY)	1,457.51	1,667.04	1,956.06	2,254.37	2,079.98
Return on Equity (%)	5.2	8.8	11.6	13.5	10.1

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

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

Non-Consolidated Financial Position and Operating Results

(JPY millions)

	75th term (April 1, 2011 to March 31, 2012)	76th term (April 1, 2012 to March 31, 2013)	77th term (April 1, 2013 to March 31, 2014)	78th term (April 1, 2014 to March 31, 2015)	79th term (April 1, 2015 to March 31, 2016)
Net Sales	203,587	199,988	240,167	275,060	263,593
Ordinary Income	16,073	18,882	24,306	45,157	34,993
Net Income	8,728	6,654	19,432	31,697	32,659
Net Income per Share (JPY)	39.65	30.23	88.28	144.74	151.21
Total Assets	363,992	358,833	381,438	406,711	427,278
Net Assets	224,245	227,055	240,133	257,499	249,743
Net Assets per Share (JPY)	1,017.88	1,031.46	1,091.07	1,185.23	1,167.90

(6) Principal Subsidiaries

(As of March 31, 2016)

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

The OMRON Group consists of 168 consolidated subsidiaries and 17 affiliates accounted for using the equity method including the above companies.

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

(7) Principal Places of Business, etc.

(As of March 31, 2016)

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

(8) Employees**OMRON Group Employees (Consolidated)**

(As of March 31, 2016)

Number of employees	Change from March 31, 2015
37,709	Increase of 137 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).

(9) Major Lenders

There were no major lenders at the end of the fiscal year ended March 31, 2016.

2. Stock Information (As of March 31, 2016)

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

(2) Total Number of Shares Issued 213,958,172 shares (including 149,398 shares of treasury stock)

(3) Number of Shareholders 44,787

(4) Major Shareholders (Top Ten Shareholders)

Shareholder	Number (thousands of shares)	Percentage Held (%)
State Street Bank & Trust Company 505223	23,153	10.82
Japan Trustee Services Bank, Ltd. (trust account)	10,997	5.14
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,713	3.60
State Street Bank & Trust Company 505001	7,660	3.58
The Master Trust Bank of Japan, Ltd. (trust account)	7,323	3.42
The Bank of Kyoto, Ltd.	7,069	3.30
Nippon Life Insurance Company	3,640	1.70
The Bank of New York, Non-Treaty Jasdec Account	3,378	1.58
OMRON Employee Stockholding Association	3,120	1.45
Japan Trustee Services Bank, Ltd. (trust account 7)	2,865	1.33

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

2. On July 23, 2015, FIL Investments (Japan) Limited filed an amendment to the major shareholding status report, that is open to public, stating that its two (2) group companies held 8,869 thousand shares of the Company (representing 4.08% of the total number of shares issued) as of July 15, 2015. However, OMRON has not been able to confirm the number of shares currently possessed by the company as of the end of the fiscal year under review, and therefore these shares are not included in major shareholders stated above.

3. On December 17, 2015, Harris Associates, L.P. filed an amendment to the major shareholding status report, that is open to public, stating that it held 30,781 thousand shares of the Company (representing 14.16% of the total number of shares issued) as of December 11, 2015. However, OMRON has not been able to confirm the number of shares currently possessed by the company as of the end of the fiscal year under review, and therefore these shares are not included in major shareholders stated above.

4. On February 19, 2016, BlackRock Japan Co., Ltd. filed a major shareholding status report, that is open to public, stating that its ten (10) group companies held 14,308 thousand shares of the Company (representing 6.69% of the total number of shares issued) as of February 15, 2016. However, OMRON has not been able to confirm the number of shares currently possessed by them as of the end of the fiscal year under review, and therefore these shares are not included in major shareholders stated above.

(5) Other Significant Information Related to Stock

By the resolution at the Board of Directors meeting held on October 27, 2015, the Company acquired 3,439,700 shares of its common stock and retired treasury stock as follows:

Class of shares retired	Common stock of the Company
Number of shares retired	3,439,700 shares

(6) Breakdown of Shareholders by Type

Category	Status of Shares (1 unit = 100 shares)						Odd-Lot Shares
	Financial Institutions	Securities Companies	Other Domestic Companies	Foreign Investors (Individuals)	Individuals and Others	Total	
Number of shareholders	116	51	399	541 (21)	39,578	40,685	—
Number of shares owned (units)	719,167	20,029	124,008	966,929 (80)	306,938	2,137,071	251,072 shares
Percent of total (%)	33.65	0.94	5.80	45.25 (0.00)	14.36	100.00	—

Notes: 1. Of the 149,398 shares of treasury stock in the shareholder register as of March 31, 2016, 149,300 shares are included in the "Individuals and Others" column, and 98 shares are included in "Odd-Lot Shares."

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

3. Stock Acquisition Rights of the Company

- (1) Overview of the description of stock acquisition rights, etc. granted to officers of the Company at the end of the fiscal year under review as compensation for the execution of duties assigned to them
None applicable.
- (2) Overview of the description of stock acquisition rights, etc. granted to the employees of the Company, and officers and employees of subsidiaries in the fiscal year under review as compensation for their execution of duties
None applicable.
- (3) Other significant matters concerning stock acquisition rights, etc.
Based on the resolutions of the Board of Directors’ meetings held on June 24, 2014 and June 23, 2015, the Company issued performance-linked stock acquisition rights with charge to directors in order to increase their motivation to meet the performance goals in the medium-to-long-term management plan “EARTH-1 Stage,” and to create shareholder value in the medium-to-long-term so as to encourage directors to own shares of the Company. The details of the stock acquisition rights as of March 31, 2016 are as follows.

	Resolution date of issuance	Persons to be allotted the stock acquisition rights	Number of stock acquisition rights to be allotted	Class and number of shares subject to be issued upon exercise of the stock acquisition rights (100 shares per right)	Amount to be paid for exercise of stock acquisition rights (per right)	Amount to be contributed upon exercise of the stock acquisition rights (per share)	Stock acquisition rights exercisable period
7th stock acquisition rights	June 24, 2014	5 Directors excluding Directors (Independent)	173	Common stock 17,300 shares	JPY 28,000	JPY 4,335	From July 1, 2017 to June 30, 2019
8th stock acquisition rights	June 23, 2015	5 Directors excluding Directors (Independent) and 23 Executive Officers	470	Common stock 47,000 shares	JPY 64,200	JPY 5,780	From July 1, 2017 to June 30, 2020

(Note) The holder of the 7th stock acquisition rights and 8th stock acquisition rights can exercise the allotted stock acquisition rights to the extent of the number of rights corresponding to the exercisable ratio in the table below on the basis of consolidated net sales for the fiscal year ending March 31, 2017. Other conditions regarding the exercise of the rights are defined by the agreements made and entered into between the Company and the holder of stock acquisition rights.

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

4. Directors and Audit & Supervisory Board Members

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

Title	Name	Areas of Responsibility and Significant Concurrent Positions
Chairman of the Board of Directors	Fumio Tateishi	Chairman of the Board of Directors Member of the CEO Selection Advisory Committee
Representative Director and President	Yoshihito Yamada	CEO
Representative Director and Executive Vice President	Yoshinori Suzuki	CFO Member of the Personnel Advisory Committee
Director and Executive Vice President	Akio Sakumiya	Vice Chairman of the Personnel Advisory Committee Vice Chairman of the CEO Selection Advisory Committee Vice Chairman of the Compensation Advisory Committee
Director	Koji Nitto	Senior Managing Executive Officer Senior General Manager of Global Strategy H.Q. Member of the Compensation Advisory Committee
Director (Independent)	Kazuhiko Toyama [Outside Officer] [Independent Officer]	Chairman of the Personnel Advisory Committee Chairman of the CEO Selection Advisory Committee Chairman of the Corporate Governance Committee Member of the Compensation Advisory Committee CEO of Industrial Growth Platform, Inc. Outside Director of PIA Corporation
Director (Independent)	Eizo Kobayashi [Outside Officer] [Independent Officer]	Chairman of the Compensation Advisory Committee Vice Chairman of the Corporate Governance Committee Member of the Personnel Advisory Committee Member of the CEO Selection Advisory Committee Chairman of ITOCHU Corporation Chairman of ITOCHU Foundation Chairman of Japan Foreign Trade Council, Inc. Outside Director of Nippon Venture Capital Co., Ltd. Outside Audit & Supervisory Board Member of Asahi Mutual Life Insurance Company External Director of Japan Airlines Co., Ltd.
Director (Independent)	Kuniko Nishikawa [Outside Officer] [Independent Officer]	Member of the Personnel Advisory Committee Member of the CEO Selection Advisory Committee Member of the Compensation Advisory Committee Member of the Corporate Governance Committee President & CEO of Firststar Healthcare Co. Ltd. President of Benesse MCM Corp. Non-Executive Director and Member of the Regional Economy Vitalization Committee of Regional Economy Vitalization Corporation of Japan

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

Notes: 1. For Directors (Independent) Kazuhiko Toyama, Eizo Kobayashi and Kuniko Nishikawa, and Audit & Supervisory Board Members (Independent) Eisuke Nagatomo and Yoshifumi Matsumoto, the Company have provided notification as Independent Officers to Tokyo Stock Exchange, Inc. Details of “The Company’s policy regarding the independence of Outside Officers” are described on page 12.

2. Mr. Kazuhiko Toyama currently serves as President and CEO of Industrial Growth Platform, Inc. (IGPI). While the Group has concluded a consulting contract with the IGPI Group, transaction accounts for less than 1% of the consolidated net sales of the Group and those of the IGPI Group.
3. Mr. Eizo Kobayashi concurrently serves as Chairman of ITOCHU Corporation (“ITOCHU”), with which the Group has a business relationship that includes sales of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the ITOCHU Group. In addition, Mr. Kobayashi concurrently serves as an Outside Director of Nippon Venture Capital Co., Ltd., of which the Company holds 1.29% of the total number of shares issued.
4. Mr. Eisuke Nagatomo concurrently serves as an Outside Audit & Supervisory Board Member of NIKKISO CO., LTD. (“NIKKISO”), with which the Group has a business relationship that includes sales of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the NIKKISO Group.
5. There are no special relationships between the Company and significant concurrent employers of other Outside Officers.
6. Audit & Supervisory Board Member (Full-time) Kiichiro Kondo has work experience in financial institutions, and has considerable knowledge regarding finance and accounting.
7. Audit & Supervisory Board Member (Full-time) Tokio Kawashima has years of work experience in financial institutions, and has considerable knowledge regarding finance and accounting.
8. Mr. Eisuke Nagatomo holds prominent positions including Member of the Board, Managing Director, and Chief Self-regulatory Officer of Tokyo Stock Exchange Group, Inc.; member of the Business Accounting Council of the Financial Services Agency; and Director of the Financial Accounting Standards Foundation; and has considerable knowledge regarding finance and accounting.
9. Changes in Directors’ and Audit & Supervisory Board Members’ positions in the fiscal year under review are as follows.
 - (Appointment) At the 78th Ordinary General Meeting of Shareholders held on June 23, 2015, Ms. Kuniko Nishikawa was newly elected and appointed as Director, and Mr. Kiichiro Kondo was newly elected and appointed as Audit & Supervisory Board Member.
 - (Retirement) At the close of the 78th Ordinary General Meeting of Shareholders held on June 23, 2015, Mr. Masayuki Tsuda resigned from the position of Audit & Supervisory Board Member.

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

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

Based on a resolution of the Board of Directors, the Company has a Compensation Advisory Committee to increase objectivity and transparency with respect to the compensation of Directors and Audit & Supervisory Board Members. The Compensation Advisory Committee is composed of five (5) members, excluding the Chairman and President of the Company, and is chaired by a Director (Independent) on the Board of Directors, and sets the Company's fundamental principles for compensation of officers.

For the compensation of Directors, the Compensation Advisory Committee is consulted and discusses the compensation of each individual, then makes recommendations based on the Company's compensation principles. Upon the recommendations, the amount of compensation for each Director is determined by resolution of the Board of Directors, within the scope of the aggregate compensation amounts for all Directors set by resolution of the General Meeting of Shareholders.

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

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

The amount of compensation for each Audit & Supervisory Board Member is determined by discussions among the Audit & Supervisory Board Members, within the scope of the aggregate compensation amounts for all Audit & Supervisory Board Members set by resolution of the General Meeting of Shareholders.

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

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

(JPY millions)

Title	Number (Persons)	Base Salary	Yearly Performance-Linked Bonuses	Medium-term Performance-Linked Bonuses	Aggregate Compensation
Directors	8	376	118	—	494
[Directors (Independent)]:	[3]	[33]	[—]	[—]	[33]
Audit & Supervisory Board Members	5	82	—	—	82
[Audit & Supervisory Board Members (Independent)]:	[2]	[18]	[—]	[—]	[18]
Total	13	458	118	—	576
[Officers (Independent) included in total]:	[5]	[51]	[—]	[—]	[51]

Notes: 1. The above amounts include compensation paid to one (1) Audit & Supervisory Board Member who retired at the close of the 78th Ordinary General Meeting of Shareholders held on June 23, 2015.

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

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

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

5. Medium-term performance-linked bonuses are performance incentives linked to the degree of achievement of medium-term management targets, which will be paid out after completion of the last year under a medium-term management plan. Fiscal 2015 is the second year of the medium-term management plan; therefore, no such bonuses are paid out.
6. No Directors of the Company received any employee wages other than their compensation as Directors.

Basic Principles of Compensation for Officers

- Compensation for Directors and Executive Officers shall be based on the implementation of the Company's motto and corporate principles (the Omron Principles).
- The Company shall pay compensation sufficient to recruit, hire and maintain exceptional personnel as officers.
- The compensation structure shall contribute to long-term maximization of corporate value by providing motivation for Directors and Executive Officers.
- The compensation structure shall maintain a high level of transparency, fairness and rationality, to ensure account ability to shareholders and other stakeholders.
 - To ensure transparency, fairness and rationality in the compensation for individuals, each Director / Executive Officer's compensation shall be set by consultation with the Compensation Advisory Committee.
- The purpose of compensation shall be made clear, and a compensation plan shall be created according to the roles and responsibilities of each Director / Executive Officer.

Compensation Policy for Directors

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

Compensation Policy for Audit & Supervisory Board Members

- Compensation for Audit & Supervisory Board Members shall consist only of a base salary that reflects their roles. It shall be sufficient to recruit, hire and maintain excellent personnel.
- No retirement bonuses shall be paid.
- The level of compensation shall be determined by taking into account the levels of other companies surveyed by a specialized outside organization.

Notes: 1. The guidelines for stock compensation shall consist of a fixed amount of compensation given each month to Directors, who will use it to make monthly purchases of the Company's stock (through the officers' stockholding association) and hold this stock during their term of office.

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

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

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

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

2) Main Activities in the Past Fiscal Year

	Name	Main Activities
Directors (Independent)	Kazuhiko Toyama	Attended 12 of the 13 Board of Directors meetings held during the period (attendance rate: 92.3%), and made statements as necessary mainly from his perspective as a manager with abundant experience. He currently serves as Chairman of the Personnel Advisory Committee, CEO Selection Advisory Committee and Corporate Governance Committee.
	Eizo Kobayashi	Attended all 13 of the 13 Board of Directors meetings held during the period, and made statements as necessary mainly from his perspective as a manager with abundant experience. He currently serves as Chairman of the Compensation Advisory Committee.
	Kuniko Nishikawa	Attended all 10 of the 10 Board of Directors meetings held during the period, and made statements as necessary mainly from her perspective as a manager with abundant experience.
Audit & Supervisory Board Members (Independent)	Eisuke Nagatomo	Attended all 13 of the 13 Board of Directors meetings and 12 of the 13 Audit & Supervisory Board meetings held during the period (attendance rate: 92.3%), and made statements as necessary mainly from his perspective as a manager with abundant experience.
	Yoshifumi Matsumoto	Attended all 13 of the 13 Board of Directors meetings and all 13 of the 13 Audit & Supervisory Board meetings held during the period, and made statements as necessary mainly from a specialist’s viewpoint as an attorney.

Ms. Kuniko Nishikawa was newly elected and appointed as Director at the 78th Ordinary General Meeting of Shareholders held on June 23, 2015, and therefore her attendance figures are stated for the Board of Directors meetings held on and after June 23, 2015.

3) Summary of Details of Limited Liability Agreements

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

5. Accounting Auditors

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Amount of Compensation of Accounting Auditors for the Fiscal Year Ended March 31, 2016

1)	Total amount of compensation to be paid to the Accounting Auditor by the Company and its subsidiaries	JPY 236 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 236 million
3)	Of the total amount in 2), amount of compensation as Accounting Auditor to be paid by the Company	JPY 187 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. The Audit & Supervisory Board, upon confirmation and deliberation of the plans for the Accounting Auditor's audit for the fiscal year, which had been explained by the Accounting Auditor and the relevant internal divisions, the records of the previous fiscal year's audit, the performance status of the audit by the Accounting Auditor, and the grounds for calculation of compensation estimation, judged them to be appropriate and gave consent to the amount of compensation to be paid to the Accounting Auditor.

3. Among the Company's principal consolidated subsidiaries, OMRON Management Center of America, Inc., OMRON Europe B.V., OMRON Asia Pacific Pte. Ltd. and OMRON (China) Co., 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)

None applicable.

(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 deemed necessary, such as in cases where the execution of duties by the Accounting Auditor has been disrupted, the Audit & Supervisory Board determines the contents of the proposal for the dismissal or non-reappointment of the Accounting Auditor to be submitted to the shareholders' meeting.
- 2) If the Audit & Supervisory Board judges that the Accounting Auditor falls under any of the numbered items in Article 340-1 of the Companies Act, it dismisses the Accounting Auditor with the consent of all Audit & Supervisory Board Members. In such cases, the Audit & Supervisory Board Member who has been selected by the Audit & Supervisory Board will report the fact of and the reason for the dismissal of the Accounting Auditor at the first shareholders' meeting convened after the dismissal of the Accounting Auditor.

6. Systems and Policies of the Company

(1) Corporate Principles of the OMRON Group

In 1959, Kazuma Tateishi, the Company's founder, set forth "To improve lives and contribute to a better society" as Our Mission for the OMRON Group. Subsequently, the spirit of Our Mission was developed into the corporate principles of the OMRON Group, and has been revised in line with the changing times, while serving as the driver as well as the unifying force for business development leading to countless innovations and contributing to the development of society and the improvement of people's lives.

The OMRON Group is accelerating the globalization through "Value Generation 2020" (VG2020), its long-term vision towards the year ending March 31, 2021 (fiscal 2020), and accordingly the OMRON Group aims for improvements in corporate value through the resolution of various social issues around the world. To achieve this end, it is becoming increasingly important that all employees around the world take action based on an understanding of our stance towards the corporate principles. Currently the Group is reinforcing efforts to put the corporate principles into practice on a global scale.

Going forward, the OMRON Group will fulfill its corporate social responsibility by practicing the corporate principles as it aims for sustained improvements in corporate value.

Our Mission

To improve lives and contribute to a better society

Our Values

The values that are important for us

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

(2) Management Philosophy of the OMRON Group

The OMRON Group has declared the following Management Philosophy to all stakeholders, representing the OMRON Group's stance and way of thinking towards management to put the corporate principles into practice through business. It will continue to evolve according to the demands of the times and society.

Management Philosophy

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

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

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

(3) Corporate Governance of the Company

Basic Stance for Corporate Governance of the Company

At the OMRON Group, corporate governance is defined as the system of processes and practices based on the Omron Principles and the Omron Management Philosophy. The system is intended to ensure transparency and fairness in business and speed up management decisions and practices. This is done by connecting the entire process from oversight and supervision all the way to business execution in order to boost the OMRON Group's competitive edge. OMRON's corporate governance also involves building such a system and maintaining its proper function. The ultimate objective is to achieve sustained enhancement of corporate value by earning the support of all stakeholders.

OMRON Corporate Governance Policies

In accordance with this basic stance, the OMRON Group has set forth the corporate governance policies (the “Policies”) as the foundation for the Group's pursuit of continuous improvement of its corporate governance.

[Organizational Structure]

The OMRON Group has chosen to adopt the organizational structure of “Company with an Audit & Supervisory Board” as stipulated by the Companies Act. To complement the functions of the Board of Directors, four advisory committees are in place, namely the Personnel Advisory Committee, the CEO Selection Advisory Committee, the Compensation Advisory Committee, and the Corporate Governance Committee. By incorporating the best aspects of the governance system of a “Company with Committees” as well, the OMRON Group has established and adopted a hybrid type governance structure.

[Roles and Responsibilities of the Board of Directors]

The Board recognizes its fiduciary responsibility to shareholders and assumes the responsibility of sustainably improving the OMRON Group’s corporate value through appropriate exercise of its authority.

- To fulfill the above responsibilities, the Board exercises oversight functions over the overall management in order to ensure fairness and transparency of management practices. The Board does so through election of directors, Audit & Supervisory Board members, and executive officers. It also determines compensation for directors and executive officers, and makes important operational decisions.
- The Board is also responsible for establishing a system to respond to cases when Audit & Supervisory Board members or external auditors have discovered fraud within the OMRON Group and demanded appropriate remedies or pointed out deficiencies or problems.

[Composition of Board of Directors]

- Management oversight and business execution are kept separate and a majority of the Board shall consist of directors who are not involved with business execution.
- At least one-third of the Board shall consist of independent directors.
- The Personnel Advisory Committee concerning nomination and personnel evaluation of directors, Audit & Supervisory Board members, and executive officers; and the Compensation Advisory Committee concerning remuneration of directors and executive officers; are attached to the Board of Directors. The CEO Selection Advisory Committee is dedicated to the deliberation and nomination of candidates for CEO, which is the top-priority matter in management oversight.
- The Personnel Advisory Committee, the Compensation Advisory Committee, and the CEO Selection Advisory Committee are chaired by an independent director, and the majority of each committee should be composed of independent directors.
- The Corporate Governance Committee, established for the purpose of enhancing corporate governance, is also to be chaired by independent director, and comprises independent Directors and independent Audit & Supervisory Board members.
- The lead independent director assumes the position of chair of the Corporate Governance Committee.

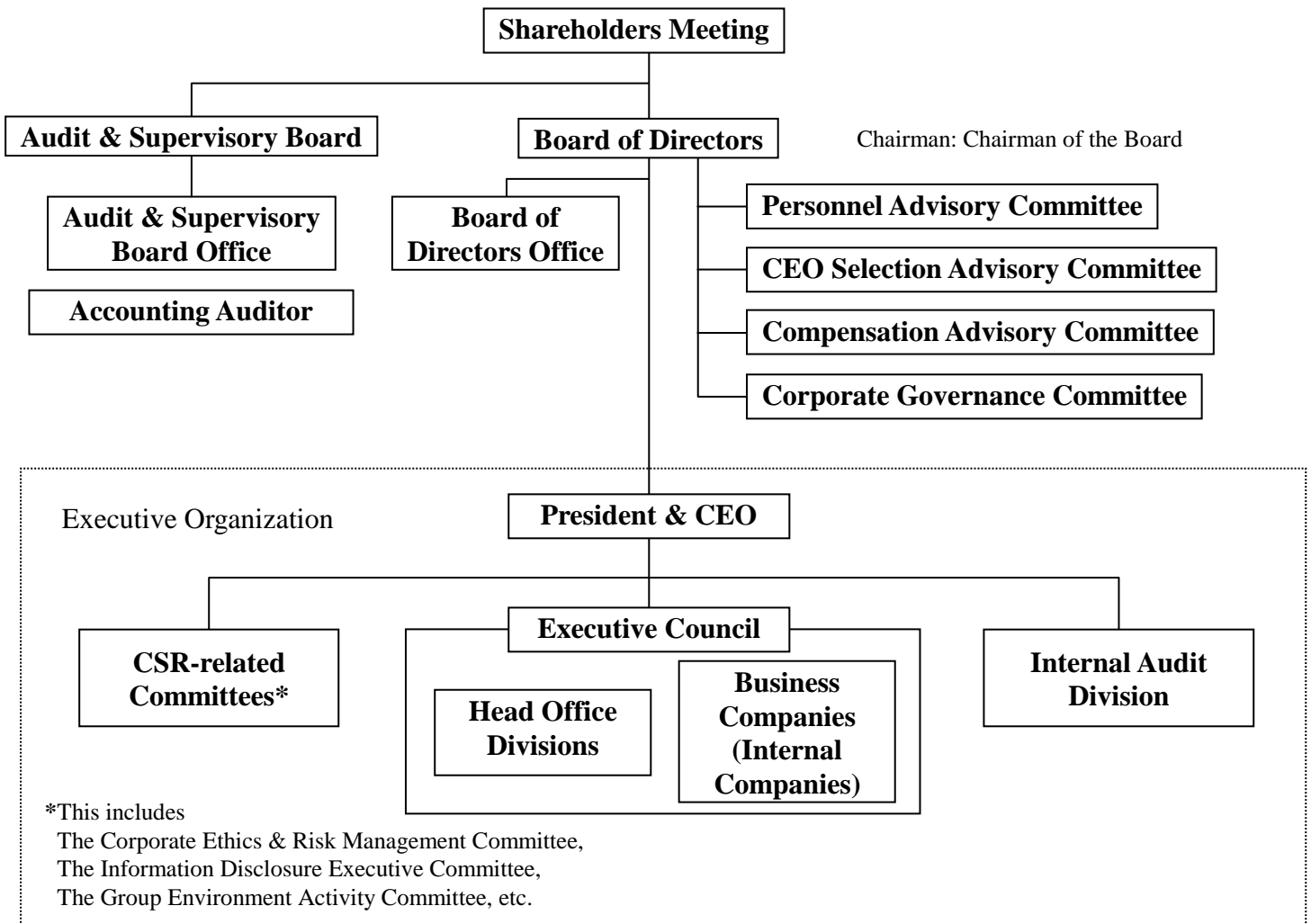
[Chair of the Board of Directors]

- To clarify the oversight function of directors, the chairperson without authority to represent the company will take on the position of chair of the Board.
- The chairperson should not be involved with business execution.
- The chair of the Board shall strive to facilitate free, open, and constructive discussions to take place at Board of Directors meetings.

For the entire text of the OMRON Corporate Governance Policies, please refer to the URL below.

URL: http://www.omron.com/about/governance/governance/pdfs/20160329_governance_policies_e.pdf

Omron's Corporate Governance Structure



The following four committees, chaired by independent directors, are attached to the Board of Directors for transparency and objectivity of management decisions.

【The Personnel Advisory Committee】

A committee to set criteria and policies relating to the selection of directors and executive officers. The committee also selects candidates and evaluates those currently in office.

【The CEO Selection Advisory Committee】

A committee that specializes in the deliberation of candidates who may be suitable to become the next CEO, or to take over the position in emergency situations.

【The Compensation Advisory Committee】

A committee to deliberate about compensation levels and amounts for directors and executive officers, as well as setting compensation policies and carrying out compensation assessments.

【The Corporate Governance Committee】

A committee to discuss measures required to ensure the continuous proper execution of the corporate governance regime and measures to improve the fairness and transparency of management activities.

Advisory Committee Members

position	name	Personnel Advisory Committee	CEO Selection Advisory Committee	Compensation Advisory Committee	Corporate Governance Committee
Chairman of the Board	Fumio Tateishi		□		
Representative Director and President	Yoshihito Yamada				
Representative Director and Executive Vice President	Yoshinori Suzuki	□			
Director and Executive Vice President	Akio Sakumiya	○	○	○	
Director	Koji Nitto			□	
Outside Director	Kazuhiko Toyama *	◎	◎	□	◎
Outside Director	Eizo Kobayashi *	□	□	◎	○
Outside Director	Kuniko Nishikawa *	□	□	□	□
Audit & Supervisory Board Member (Full-time)	Kiichiro Kondo				
Audit & Supervisory Board Member (Full-time)	Tokio Kawashima				
Audit & Supervisory Board Member (Independent)	Eisuke Nagatomo*				□
Audit & Supervisory Board Member (Independent)	Yoshifumi Matsumoto*				□

◎ Chairperson ○ Vice-Chairperson □ Committee Member

* Independent Officer

Overview of the Results of the Evaluation of the Board of Directors' Effectiveness

The Company conducts analysis and evaluation of the Board's effectiveness so that the members of the Board will enhance the function and the effectiveness of the Board to realize the sustained improvements in corporate value by recognizing, sharing and improving the direction to be taken by the Board and the issues arising from such direction.

[Method of evaluation of the Board's effectiveness]

Evaluation on the Board's effectiveness is conducted mainly by the Corporate Governance Committee chaired by a Director (Independent) and comprising Directors (Independent) and Audit & Supervisory Board Members (Independent).

As an initial process of the evaluation of the Board's effectiveness, all Directors comprising the Board of Directors and Audit & Supervisory Board Members were asked to complete an anonymous self-evaluation questionnaire on the structure, the topics for deliberation, the frequency of the meetings, the operation methods, etc. of the Board of Directors and the Advisory Committees. The Corporate Governance Committee analyzed the contents of the self-evaluation, sorted out the issues and reported the results of evaluation of the Board's effectiveness to the Board of Directors.

The Board of Directors verified the evaluation results, discussed measures to enhance the Board's effectiveness and formulated the Board's operation policy for the following fiscal year.

[Results of evaluation of the Board's effectiveness]

As a result of analysis and evaluation of the Board's effectiveness, it was confirmed that the governance system currently adopted by the Company and the operation of the system were appropriate. The evaluation indicated that an open atmosphere conducive to active discussions pervaded the Board of Directors and the Advisory Committees and that oversight over management in general was being appropriately conducted through constructive discussions.

Meanwhile, the necessity to reinforce the oversight functions of the Board of Directors through expanded discussion of medium-to-long-term management strategies was pointed out as an issue going forward.

[Policy for the operation of the Board of Directors for the following fiscal year]

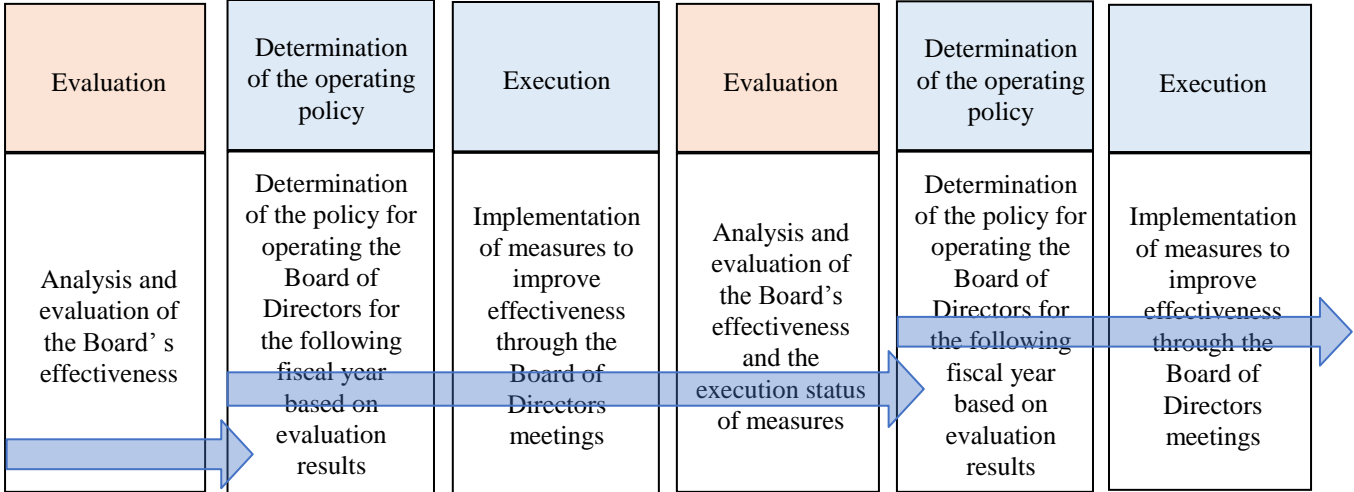
In light of the evaluation results by the Corporate Governance Committee as well as the recent changes in the environment, the Board of Directors shall continue to delegate its authorities to executive organizations, and in addition to existing initiatives, further expand its discussions on medium-to-long-term management strategies to reinforce the oversight functions of the Board of Directors through the following initiatives.

- The Board of Directors shall expand discussions of the medium-term management plan based on medium-to-long-term management strategies in preparation for the formulation of the next medium-term management plan, and enhance its oversight functions.
- In terms of issues related to ESG (*), which has become a topic of growing interest among institutional investors and society in general, the Board of Directors shall, from the standpoint of the Company to fulfill its corporate social responsibility, coordinate its policies on ESG and build a system to put its policies into practice.
- The Board of Directors shall continue to delegate its authorities related to the execution of measures for short-term issues to the executive organizations and build a structure to reinforce oversight function for medium-to-long-term management issues.

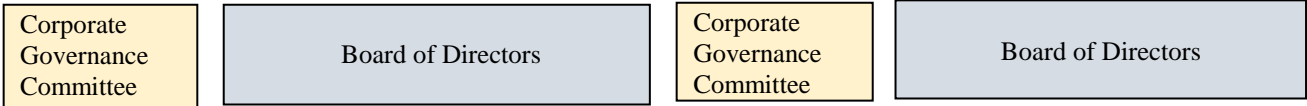
The Company intends to carry out ongoing initiatives towards the enhancement of the Board's effectiveness to the end of achieving sustained improvements in corporate value.

(*) ESG is an acronym for Environment, Social and Governance.

Initiatives towards improving the Board of Directors’ effectiveness



Implementation bodies



(4) Systems to Ensure that Execution of Directors’ Duties Conforms to Laws and the Articles of Incorporation and Other Systems to Ensure Appropriateness of Operations (Basic Policy on Maintenance of Internal Control System) and Overview of Operational Status of Internal Control System

Basic Policy on Maintenance of Internal Control System

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

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

- (1) The OMRON Group CSR Practice Guidelines show the Group’s basic policies for practicing “socially responsible corporate management,” and specific action guidelines for officers and employees, and are disseminated to promote legal compliance.
- (2) The key theme of “socially responsible corporate management” is promoting corporate ethics and compliance in the OMRON Group. The Corporate Ethics & Risk Management Committee has been established as an organization to promote this key theme. As specific activities, the president himself issues instructions on corporate ethics and compliance, providing opportunities to disseminate awareness. In addition, the Company conducts regular training and education for employees on corporate ethics and compliance.
- (3) The Company has set up a whistleblower hotline both inside and outside the Company to receive reports of acts that are, or could potentially be, in violation of the OMRON Group CSR Practice Guidelines, work rules or laws. In accordance with laws and internal company rules, the content of these reports is protected as confidential, and employees may not be given unfavorable treatment for making such reports.
- (4) With the aim of realizing highly transparent management, the Company positions information disclosure as an important task, and has established an Information Disclosure Executive Committee directly under the president to promote the disclosure. The Committee engages in activities to ensure the accuracy, timeliness and completeness of information disclosure across the OMRON Group, and proactively makes disclosure to the public according to the standard set out by the Group.

- (5) The Company has set up an internal control department directly under the president to conduct operational audits.
- (6) 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.
- (7) The OMRON Group's policy on exclusion of antisocial forces is defined in the OMRON Group CSR Practice Guidelines.

2. System for Storage and Management of Information Related to Execution of Directors' Duties

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

3. Regulations and Other Systems Concerning Loss Risk Management of the OMRON Group

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

4. Systems to Ensure Efficient Execution of Duties by Directors of the OMRON Group

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

5. System to Report to the Company on Matters concerning Execution of Duties by Directors of Subsidiaries

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

6. Systems to Ensure Effectiveness of Audit Performed by Audit & Supervisory Board Members

- (1) An Audit & Supervisory Board Office with dedicated full-time support staff has been established to assist Audit & Supervisory Board Members in performing their duties. The staff members of the Audit & Supervisory Board Office perform their work under the supervision and instruction of the Audit & Supervisory Board Members.
- (2) Personnel evaluations, appointments and transfers of the staff of Audit & Supervisory Board Office are carried out with the consent of the Audit & Supervisory Board.
- (3) A system is in place for Directors, Audit & Supervisory Board Members and employees of the OMRON Group and those who have been reported from any of them to immediately report to Audit & Supervisory Board Members of the Company regarding incidents of material violations of laws

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

Overview of Operational Status of Internal Control System

The Company, in accordance with the Basic Policy stated above, operates an Internal Control System, and the following is an overview of the operational status of said System for the fiscal year under review.

1. Initiatives towards compliance and risk management

The OMRON Group promotes integrated responses to compliance and risk management matters through the Corporate Ethics & Risk Management Committee.

During the fiscal year under review, the OMRON Group reinforced its capabilities to respond to change by establishing a new department directly under the president to oversee compliance and risk management, and further promoting and enforcing such kind of responses.

(1) Compliance

The OMRON Group familiarized its officers and employees with the Group's action guidelines, the OMRON Group CSR Practice Guidelines, and conducted the necessary trainings. Whistle-blower hotlines have been established and are in operation at the major bases in Japan and overseas. Additionally, the internal audit department conducts operational audits on each department of the OMRON Group with regard to compliance.

During the fiscal year under review, the Corporate Ethics and Risk Management Committee convened regular meetings, while at the same time the month of October was designated Corporate Ethics Month, and various initiatives were implemented including sending messages from the President to the employees of the Group, conducting workplace seminars on corporate ethics and compliance, and distributing corporate ethics cards. Additionally, the Information Disclosure Executive Committee convened regular meetings in order to ensure the accuracy, timeliness and completeness of disclosures, while seminars were held for the prevention of insider trading. Furthermore, the internal audit department conducted regular operational audits on the divisions of the OMRON Group.

(2) Risk management

Based on the OMRON Group Rules for Integrated Risk Management, risks associated with the OMRON Group are identified each year from a global perspective, and upon analyzing such risks, critical risks for the OMRON Group are designated. With regard to these designated risks, countermeasures are implemented on a Group wide level through the Executive Committee.

During the fiscal year under review, the OMRON Group systematically promoted its risk management initiatives by selecting a division to oversee the implementation of risk countermeasures. Additionally, concerted efforts were made by the field and management in order to implement measures to respond to changes in the internal and external environments, namely the appointment of risk managers at the Group companies in Japan and overseas, who utilized the global network to share daily risk information and to quickly organize response to risks.

2. Initiatives to ensure the appropriateness of operations

The Company preserves and manages important documents related to the execution of Directors' duties in accordance with the Board of Directors Rules and other rules related to information management. The Company has reduced the number of Directors in order to ensure substantive discussion of the Board of Directors, as well as uses the Executive Officer System and the internal company system to promote faster decision making and efficient business operations by delegating substantial authority to the president of each internal company. At the monthly Executive Committee, significant business execution issues are discussed and decided within the scope of the president's authority. The OMRON Group has also established a system which ensures proper control and prompt decision-making by clearly setting forth the applicable division of duties, decision-making authority and reporting rules.

During the fiscal year under review, the Company thoroughly enforced the control of decision reports and further enhanced the efficiency of the decision-making process by incorporating IT systems into the decision-making processes.

3. Initiatives to ensure the effectiveness of audits by Audit & Supervisory Board Members

The Company has established an Audit & Supervisory Board Office independent from business execution to assist the Audit & Supervisory Board Members in performing their duties and has also appointed the necessary staff members to the Office. The Audit & Supervisory Board Office holds periodic interviews of Directors and Executive Officers, periodically exchange views with the president, periodically exchange information with Accounting Auditors, and receive operational reports from Executive Officers. Audit & Supervisory Board Members also attend and state their opinions, as necessary, at Board of Directors meetings as well as Executive Committee meetings and other important meetings.

During the fiscal year under review, reviews were made as to whether the revised Companies Act and the Corporate Governance Code were being reflected in the Company's Internal Control System, the number of regular interviews with Executive Officers regarding internal controls were increased, and the channels of communication with the Accounting Auditors were reinforced.

(5) 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, while the payout ratio for the previous fiscal year (fiscal 2014) was 25%, the Company has applied the "payout ratio of 30%," which had been targeted in the medium-term management plan for the period towards fiscal 2016, one year ahead of schedule in the fiscal year ended March 31, 2016. Subsequently, the Company will apply the payout ratio of 30% in the next fiscal year (fiscal 2016), as initially planned. The Company will also conform to the original DOE target of 2%.

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

(6) Other Policies, etc.

Basic Strategy for Capital Policy

- 1) To maintain and improve shareholder value, the OMRON Group will implement management practices by taking into consideration the adequate target levels for return on invested capital (ROIC), return on equity (ROE), and earnings per share (EPS). To prepare for rapid fluctuations in economic conditions, we will also set the equity ratio target at a level sufficient for maintaining a corporate credit rating that enables raising of funds without regard to monetary market conditions.
- 2) With respect to capital policy that results in a change of control or in significant dilution, the Board of Directors will make a rational decision by fully taking into consideration the effects it would have on the aforementioned ROIC, ROE, and EPS.
- 3) If the OMRON Group implements a fund raising program that will result in significant dilution, the use of the fund and its collection plan will be fully examined and deliberated at a meeting of the Board of Directors before making a resolution, and sufficient explanation will be given to investors and shareholders.

Anti-Takeover Measures

No anti-takeover measures are in place at the OMRON Group.

Constructive Dialogue with Shareholders

The OMRON Group strives to contribute to sustainably increasing its corporate value through dialogue with shareholders. Additionally, we will release our basic policy for the development of systems and initiatives for facilitating constructive dialogue with shareholders (the “Basic Policy”).

For the Basic Policy, please refer to the URL below.

URL: http://www.omron.com/about/governance/governance/pdfs/20160329_governance_policies_e.pdf

Consolidated Financial Statements

Consolidated Balance Sheets

(JPY millions)

Item	79th term (As of March 31, 2016)	(Reference) 78th term (As of March 31, 2015)	Item	79th term (As of March 31, 2016)	(Reference) 78th term (As of March 31, 2015)
ASSETS			LIABILITIES		
Current Assets:	389,609	434,096	Current Liabilities:	162,663	176,762
Cash and cash equivalents	82,910	102,622	Notes and accounts payable — trade	82,606	92,702
Notes and accounts receivable — trade	165,093	178,775	Accrued expenses	37,975	41,942
Allowance for doubtful receivables	(1,654)	(1,624)	Income taxes payable	6,890	3,680
Inventories	107,267	116,020	Other current liabilities	35,192	38,438
Deferred income taxes	18,469	19,941	Deferred Income Taxes	660	697
Other current assets	17,524	18,362	Termination and Retirement Benefits	62,289	30,393
Property, Plant and Equipment:	146,565	151,452	Other Long-Term Liabilities	10,679	11,065
Land	26,376	26,721	Total Liabilities	236,291	218,917
Buildings	146,412	147,120	NET ASSETS		
Machinery and equipment	204,499	202,149	Shareholders' Equity:	444,718	489,769
Construction in progress	6,142	6,619	Common stock	64,100	64,100
Accumulated depreciation	(236,864)	(231,157)	Capital surplus	99,101	99,070
Investments and Other Assets:	147,151	125,463	Legal reserve	15,194	13,403
Goodwill	30,253	8,776	Retained earnings	317,171	301,174
Investments in and advances to affiliates	25,048	24,318	Accumulated other comprehensive income (loss):	(50,204)	12,489
Investment securities	37,055	57,106	Foreign currency translation adjustments	2,541	26,313
Leasehold deposits	6,758	6,971	Pension liability adjustments	(64,525)	(36,486)
Deferred income taxes	22,080	6,366	Unrealized gains on available- for-sale securities	11,884	22,478
Other assets	25,957	21,926	Net gains (losses) on derivative instruments	(104)	184
			Treasury stock, at cost	(644)	(467)
			Noncontrolling Interests	2,316	2,325
			Total Net Assets	447,034	492,094
Total Assets	683,325	711,011	Total Liabilities and Net Assets	683,325	711,011

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

Consolidated Statements of Income

(JPY millions)

Item	79th term (April 1, 2015 to March 31, 2016)	(Reference) 78th term (April 1, 2014 to March 31, 2015)
Net sales	833,604	847,252
Cost of sales	512,792	514,645
Gross profit	320,812	332,607
Selling, general and administrative expenses	205,735	198,103
Research and development expenses	52,790	47,913
Other income, net	(3,399)	(797)
Income before income taxes	65,686	87,388
Income taxes	20,043	28,893
Current	17,760	16,955
Deferred	2,283	11,938
Equity in loss (earnings) of affiliates	(2,039)	(3,937)
Net income	47,682	62,432
Net income attributable to noncontrolling interests	392	262
Net income attributable to shareholders	47,290	62,170

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

2. Income taxes include the reversal of deferred tax assets (JPY 2,057 million for the 78th term, JPY 1,274 million for the 79th term), following the enactment of the law concerning reduction of income tax rates, etc.

(Reference)

Consolidated Statements of Comprehensive Income (Loss)

(JPY millions)

	79th term (April 1, 2015 to March 31, 2016)	78th term (April 1, 2014 to March 31, 2015)
Net income	47,682	62,432
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	(23,916)	21,846
Pension liability adjustments	(28,039)	1,543
Unrealized gains (losses) on available-for-sale securities	(10,594)	4,012
Net gains (losses) on derivative instruments	(288)	319
Other comprehensive income (loss)	(62,837)	27,720
Comprehensive income (loss)	(15,155)	90,152
(Breakdown)		
Comprehensive income attributable to noncontrolling interests	248	331
Comprehensive income (loss) attributable to shareholders	(15,403)	89,821

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

Consolidated Statements of Shareholders' Equity

(JPY millions)

	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total shareholders' equity	Non-controlling interests	Total net assets
(Reference)									
Balance, end of the 77th term	64,100	99,067	11,196	287,853	(15,162)	(16,545)	430,509	2,269	432,778
Net income				62,170			62,170	262	62,432
Cash dividends paid to OMRON Corporation shareholders				(15,513)			(15,513)		(15,513)
Cash dividends paid to noncontrolling interests							—	(277)	(277)
Equity transactions with noncontrolling interests and other							—	2	2
Transfer to legal reserve			2,207	(2,207)			—		—
Foreign currency translation adjustments					21,777		21,777	69	21,846
Pension liability adjustments					1,543		1,543		1,543
Unrealized gains (losses) on available-for-sale securities					4,012		4,012		4,012
Net gains (losses) on derivative instruments					319		319		319
Acquisition of treasury stock						(15,054)	(15,054)		(15,054)
Sale of treasury stock		0				1	1		1
Retirement of treasury stock		(2)		(31,129)		31,131	—		—
Issuance of stock acquisition rights		5					5		5
Balance, end of the 78th term	64,100	99,070	13,403	301,174	12,489	(467)	489,769	2,325	492,094
Net income				47,290			47,290	392	47,682
Cash dividends paid to OMRON Corporation shareholders				(14,656)			(14,656)		(14,656)
Cash dividends paid to noncontrolling interests							—	(256)	(256)
Equity transactions with noncontrolling interests and other							—	(1)	(1)
Transfer to legal reserve			1,791	(1,791)			—		—
Foreign currency translation adjustments					(23,772)		(23,772)	(144)	(23,916)
Pension liability adjustments					(28,039)		(28,039)		(28,039)
Unrealized gains (losses) on available-for-sale securities					(10,594)		(10,594)		(10,594)
Net gains (losses) on derivative instruments					(288)		(288)		(288)
Acquisition of treasury stock						(15,023)	(15,023)		(15,023)
Sale of treasury stock		0				0	0		0
Retirement of treasury stock				(14,846)		14,846	—		—
Issuance of stock acquisition rights		31					31		31
Balance, end of the 79th term	64,100	99,101	15,194	317,171	(50,204)	(644)	444,718	2,316	447,034

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

(Reference)

Consolidated Statements of Cash Flows

(JPY millions)

Item	79th term (April 1, 2015 to March 31, 2016)	78th term (April 1, 2014 to March 31, 2015)
I Operating Activities:		
1. Net income	47,682	62,432
2. Adjustments to reconcile net income to net cash provided by operating activities:		
(1) Depreciation and amortization	31,460	28,339
(2) Net loss (gain) on sales and disposals of property, plant equipment and other assets	(485)	3,432
(3) Loss on impairment of property, plant and equipment	463	137
(4) Net gain on sales of investment securities	(1,499)	(4,337)
(5) Loss on impairment of investment securities and other assets	68	166
(6) Gain on establishment of retirement benefit trust	(4,140)	—
(7) Termination and retirement benefits	698	(17,427)
(8) Deferred income taxes	2,283	11,938
(9) Equity in loss (earnings) of affiliates	(2,039)	(3,937)
(10) Changes in assets and liabilities	8,130	(5,266)
(11) Other, net	1,586	1,580
Total adjustments	36,525	14,625
Net cash provided by operating activities	84,207	77,057
II Investing Activities:		
1. Proceeds from sales or maturities of investment securities	2,214	5,274
2. Purchase of investment securities	(330)	(603)
3. Capital expenditures	(37,903)	(37,123)
4. Decrease in leasehold deposits, net	115	118
5. Proceeds from sale of property, plant and equipment	2,239	768
6. Increase in investment in and loans to affiliates	(20)	(30)
7. Acquisition of business, net of cash acquired	(33,448)	(8,003)
8. Other, net	17	82
Net cash used in investing activities	(67,116)	(39,517)
III Financing Activities:		
1. Net borrowings (repayments) of short-term debt (loss)	2	(853)
2. Dividends paid by the Company	(16,077)	(12,985)
3. Dividends paid to noncontrolling interests	(256)	(277)
4. Acquisition of treasury stock	(15,023)	(15,054)
5. Other, net	(196)	(134)
Net cash used in financing activities	(31,550)	(29,303)
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	(5,253)	4,134
Net Increase in Cash and Cash Equivalents	(19,712)	12,371
Cash and Cash Equivalents at Beginning of the Year	102,622	90,251
Cash and Cash Equivalents at End of the Year	82,910	102,622

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

Notes to Consolidated Financial Statements

Basis of Presenting Consolidated Financial Statements

Significant Accounting Policies

1. Principles of Consolidation

The Consolidated Financial Statements include all the Company's 168 subsidiaries.

2. Application of Equity Method

Investments in the Company's 17 affiliated companies are accounted for using the equity method.

3. Basis of Consolidated Financial Statements

The Company prepares its Consolidated Financial Statements in conformance with the terminology, form and preparation methods based on accounting principles generally accepted in the United States of America, in accordance with Article 120(3), paragraph 1 of the Company Accounting Regulations. However, certain disclosure items required by accounting principles generally accepted in the United States of America have been omitted, in conformance with provisions of the latter part of paragraph 1 of Article 120 of the same Regulations, which is applied mutatis mutandis to paragraph 3 of the same Article.

4. Valuation standards and methods for inventories

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

5. Valuation standards and methods for securities

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

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

6. Fixed assets are depreciated by the following methods:

Property, plant and equipment:	Principally on a declining-balance method
Goodwill and other intangible fixed assets:	Straight-line method (However, in accordance with FASB ASC 350, "Intangibles—Goodwill and Other," goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually, instead of amortization.)

7. Accounting standards for reserves are as follows:

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

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

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

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

8. Accounting Treatment of Consumption Taxes

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

Notes Related to Consolidated Balance Sheets

Guarantees

Guaranteed parties

Employees

JPY 0 million

Total

JPY 0 million

Pledged assets

Assets pledged as collateral

Investment securities

JPY 200 million

Total

JPY 200 million

Notes Related to Consolidated Statements of Income

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

Foreign exchange losses, net

JPY 1,389 million

Loss on impairment of property, plant and equipment

JPY 463 million

Net gain on sales of investment securities

JPY (1,499) million

Gain on establishment of retirement benefit trust

JPY (4,140) million

Notes Related to Financial Instruments

1. Matters Related to Financial Instruments

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

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

The amounts recorded on the Consolidated Balance Sheet on March 31, 2016 (79th consolidated account settlement date), fair value and differences are as follows.

(JPY millions)

	Balance Sheet Amount (*)	Fair Value (*)	Difference
(1) Investment securities	32,457	32,457	—
(2) Derivatives			
Other current assets	2,623	2,623	—
Other current liabilities	(2,492)	(2,492)	—

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

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

(1) The fair values of cash and cash equivalents, notes and accounts receivable-trade, leasehold deposits, short-term debt, and notes and accounts payable-trade are estimated to be essentially equivalent to the balance sheet amounts.

(2) Investment Securities

Stocks are valued at the quoted market price.

(3) Derivatives

Estimated using dealer transaction prices or valuation models.

2. The fair value of unlisted securities (JPY 4,598 million in the Consolidated Balance Sheets) is not practically estimable because they have no readily determinable public market value and their future cash flow cannot be estimated. Therefore, they are not included in (1) Investment securities.

Notes Related to Per-share Data

1. Net income attributable to shareholders per share, basic

JPY 218.95

2. Net income attributable to shareholders per share, diluted

JPY 218.95

3. Shareholders' equity per share

JPY 2,079.98

Subsequent Events

No significant event took place since March 31, 2016.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(JPY millions)

Item	79th term (As of March 31, 2016)	(Reference) 78th term (As of March 31, 2015)	Item	79th term (As of March 31, 2016)	(Reference) 78th term (As of March 31, 2015)
ASSETS			LIABILITIES		
Current Assets:	130,903	133,121	Current Liabilities:	151,522	139,515
Cash and time deposits	28,653	36,222	Notes payable - trade	1,302	1,267
Notes receivable - trade	1,338	1,021	Accounts payable - trade	23,526	24,215
Accounts receivable - trade	45,897	50,543	Short-term borrowings from affiliated companies	99,887	89,165
Securities	25	25	Lease liabilities	837	682
Finished products	10,815	8,850	Other payables	8,573	7,910
Materials	3,732	2,678	Accrued expenses	9,328	10,219
Work in process	4,644	3,835	Income taxes payable	2,651	498
Supplies	535	547	Advances received	34	24
Short-term loans receivable	50	110	Deposits received	917	1,019
Short-term loans to affiliates	23,291	16,489	Accrued bonus to officers	118	236
Other accounts receivable	3,141	2,942	Other current liabilities	4,349	4,280
Other receivable	3,260	3,635	Long-term Liabilities:	26,013	9,697
Deferred income taxes	4,188	4,935	Long-term borrowings from affiliated companies	20,400	4,840
Other current assets	4,267	4,282	Lease liabilities	1,396	983
Allowance for doubtful receivables	(2,933)	(2,993)	Accrued bonus to officers	102	101
Fixed Assets:	296,375	273,590	Deferred tax liabilities	—	265
Property and equipment:	36,289	36,144	Deferred tax liabilities related to revaluation	1,205	1,302
Buildings	16,389	16,801	Other long-term liabilities	2,910	2,206
Structures	967	1,052	Total Liabilities	177,535	149,212
Machinery and equipment	1,543	1,402	NET ASSETS		
Vehicles and delivery equipment	3	2	Shareholders' Equity:		
Tools, furniture and fixtures	1,721	1,579	Common stock	241,788	240,106
Land	13,167	13,391	Capital surplus	64,100	64,100
Lease assets	2,084	1,445	Additional paid-in capital	88,771	88,771
Construction in progress	415	472	Other capital surplus	—	0
Intangible fixed assets:	6,056	6,302	Retained earnings	89,561	87,706
Software and others	6,056	6,302	Legal reserve	6,774	6,774
Investments and other assets:	254,030	231,144	Other retained earnings:	82,787	80,932
Investment securities	30,584	50,339	Reserve for dividends	3,400	3,400
Investments in affiliated companies	151,194	151,253	Non-restrictive reserve	73,500	73,500
Contribution to affiliated companies	20,918	20,918	Retained earnings unappropriated	5,887	4,032
Long-term advances to affiliates	30,256	37	Treasury stock, at cost	(644)	(471)
Leasehold deposits	4,496	4,484	Valuation and Translation		
Prepaid pension cost	10,912	1,955	Adjustments:	7,920	17,388
Deferred income taxes	2,965	—	Unrealized gains on available-for- sale securities	12,264	21,613
Other	2,765	2,220	Deferred hedge gain (loss)	(21)	14
Allowance for doubtful receivables	(60)	(62)	Land revaluation difference	(4,323)	(4,239)
			Stock acquisition rights	35	5
			Total Net Assets	249,743	257,499
Total Assets	427,278	406,711	Total Liabilities and Net Assets	427,278	406,711

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

Non-consolidated Statements of Income

(JPY millions)

Item	79th term (April 1, 2015 to March 31, 2016)	(Reference) 78th term (April 1, 2014 to March 31, 2015)
Net sales	263,593	275,060
Cost of sales	150,514	153,583
Gross profit	113,079	121,477
Selling, general and administrative expenses	92,600	90,187
Operating income	20,479	31,290
Non-operating income:	17,047	16,014
Interest and dividends received	14,505	13,487
Other non-operating income	2,542	2,527
Non-operating expenses:	2,533	2,147
Interest paid	967	516
Cash discount on sales	709	700
Quality handling expenses	444	603
Other non-operating expenses	413	328
Ordinary income	34,993	45,157
Extraordinary gains:	4,918	286
Gain on sales of property and equipment	313	8
Gain on sales of investment securities	1,034	278
Gain on establishment of retirement benefit trust	3,571	—
Other extraordinary gains	0	0
Extraordinary losses:	175	2,839
Loss on sales and disposal of property, equipment and intangible fixed assets	99	2,815
Loss on liquidation of affiliated companies	64	—
Other extraordinary losses	12	24
Income before income taxes:	39,736	42,604
Income taxes - current	5,927	2,498
Income taxes - deferred	1,150	8,409
Net income	32,659	31,697

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

Non-consolidated Statements of Changes in Shareholders' Equity
79th Term: April 1, 2015 — March 31, 2016

(JPY millions)

	Shareholders' equity								
	Common stock	Capital surplus			Legal reserve	Retained earnings			Total retained earnings
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other retained earnings			
						Reserve for dividends	Non-restrictive reserve	Retained earnings unappropriated	
Balance at April 1, 2015	64,100	88,771	0	88,771	6,774	3,400	73,500	4,032	87,706
Changes during the year ended March 31, 2016									
Dividends paid				—				(16,077)	(16,077)
Net income				—				32,659	32,659
Acquisition and sale of treasury stock			0	0					—
Retirement of treasury stock			(0)	(0)				(14,850)	(14,850)
Reversal of land revaluation difference				—				123	123
Net change in items other than shareholders' equity during the year				—				—	—
Total changes during the fiscal year	—	—	(0)	(0)	—	—	—	1,855	1,855
Balance at March 31, 2016	64,100	88,771	—	88,771	6,774	3,400	73,500	5,887	89,561

	Shareholders' equity		Valuation and translation adjustment				Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred hedge gain (loss)	Land revaluation difference	Total valuation and translation adjustment		
Balance at April 1, 2015	(471)	240,106	21,613	14	(4,239)	17,388	5	257,499
Changes during the year ended March 31, 2016								
Dividends paid		(16,077)				—		(16,077)
Net income		32,659				—		32,659
Acquisition and sale of treasury stock	(15,023)	(15,023)				—		(15,023)
Retirement of treasury stock	14,850	—				—		—
Reversal of land revaluation difference		123			(123)	(123)		—
Net change in items other than shareholders' equity during the year		—	(9,349)	(35)	39	(9,345)	30	(9,315)
Total changes during the fiscal year	(173)	1,682	(9,349)	(35)	(84)	(9,468)	30	(7,756)
Balance at March 31, 2016	(644)	241,788	12,264	(21)	(4,323)	7,920	35	249,743

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

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

78th Term: April 1, 2014 — March 31, 2015

(JPY millions)

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

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

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

Notes to Non-consolidated Financial Statements

Significant Accounting Policies

1. Valuation standards and method for securities
Common stock of subsidiaries and affiliates: Stated at cost using the moving-average method

Other marketable securities:
Securities to which market value applies: Stated at market value based on market prices, etc.
(Unrealized gains and losses are reported in a separate component of equity and selling prices are determined by the moving-average method.)
Securities to which market value does not apply: Stated at cost using the moving-average method
2. Derivatives are stated at fair value.
3. Inventories are stated at cost, determined by the first-in, first-out method. Inventories are stated on the Non-consolidated Balance Sheets at book value after adjustment to reflect reduced profitability.
4. Fixed assets are depreciated by the following methods:
Property and equipment (excluding leased assets): Declining balance method (Useful lives of buildings are generally 15-50 years)
Intangible fixed assets (excluding leased assets): Straight-line method (Estimated useful life of software is 3-5 years)

Leased Assets:
Leased assets related to finance lease transactions without ownership transfer: Straight-line method with the lease period as the useful life and zero residual value.
5. Deferred charges are charged to income in their full amount when they are paid or incurred.
6. The allowance for doubtful receivables is established based on the Company's past credit loss experience for ordinary receivables, and evaluation of financial condition for receivables at risk of default and receivables from customers in bankruptcy.
7. The provision for officers' bonuses is provided based on the projected amount required to be paid at the end of the term to cover payment of bonuses to Directors and Auditors.
8. The termination and retirement benefits is provided based on the projected amount of pension plan assets and retirement benefit obligations at the end of the fiscal year.
Past service cost is expensed using the straight-line method over 15 years, based on the average remaining length of service of employees at the time the cost is incurred.
Actuarial gains or losses are expensed in a proportionally divided amount using the straight-line method over 15 years, starting from the fiscal year following the fiscal year in which gains or losses are occurred, based on the average remaining length of service of employees at the time the gains or losses are incurred in each fiscal year.
As the amount of pension plan assets exceeded retirement benefit obligations, after adjustment of unrecognized past service cost and unrecognized actuarial gains or losses, at the end of the fiscal year, it is recorded as prepaid pension cost on the Non-consolidated Balance Sheets.
9. Foreign-currency denominated credits and debts are translated to JPY according to spot exchange rates on the balance sheet date. Translation gains or losses are credited or charged to income.
10. The Company uses deferred hedge accounting as its hedge accounting method.
11. Consumption taxes and other value-added taxes have been excluded from sales.
Non-deductible consumption tax relating to assets, etc. is treated as period cost in the fiscal year of accrual.
12. The Company applies the consolidated taxation system.

Notes to Non-consolidated Balance Sheets

1. Accumulated depreciation for property and equipment (Note: Includes accumulated impairment loss.)	JPY 68,859 million
2. Pledged assets	
Assets pledged as collateral	
Investment securities	<u>JPY 200 million</u>
Total	<u>JPY 200 million</u>
3. Guarantees	
Guaranteed parties	
OMRON MALAYSIA SDN. BHD.	JPY 343 million
Employees	<u>JPY 0 million</u>
Total	<u>JPY 343 million</u>
4. Financial Credits and Debts with Regard to Affiliates	
Short-term credits due from affiliated companies	JPY 57,956 million
Long-term credits due from affiliated companies	JPY 30,256 million
Short-term liabilities due to affiliated companies	JPY 121,707 million
Long-term liabilities due to affiliated companies	JPY 21,894 million

5. Land Revaluation Difference

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

Revaluation method:

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

Date of revaluation: March 31, 2002

The difference between the total market value at March 31, 2016, 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 3,512 million.

Notes to Non-consolidated Statements of Income

Transactions with affiliated companies:

Sales to subsidiaries:	JPY 146,250 million
Purchases from subsidiaries:	JPY 113,437 million
Other transactions:	JPY 19,960 million
Non-operating transactions:	JPY 16,751 million

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

1. Number of shares issued and outstanding as of March 31, 2016:

Common stock 213,958,172 shares

2. Number of shares of treasury stock as of March 31, 2016:

Common stock 149,398 shares

3. Dividends

(1) Dividends paid

Resolution	Total amount (JPY millions)	Dividend per share (JPY)	Record date	Effective date
June 23, 2015 General Meeting of Shareholders	8,690	40.00	March 31, 2015	June 24, 2015
October 27, 2015 Board of Directors Meeting	7,387	34.00	September 30, 2015	December 2, 2015

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

Scheduled resolution	Total amount (JPY millions)	Dividend per share (JPY)	Record date	Effective date
June 23, 2016 General Meeting of Shareholders	7,269	34.00	March 31, 2016	June 24, 2016

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 928 million
Inventories	JPY 761 million
Investment securities	JPY 2,021 million
Investments in affiliated companies	JPY 7,401 million
Accrued bonuses	JPY 2,017 million
Retirement benefit trust	JPY 4,074 million
Unspecified debt	JPY 1,097 million
Depreciable assets	JPY 2,030 million
Others	<u>JPY 1,331 million</u>
Deferred tax assets, Subtotal	JPY 21,660 million
Valuation Allowance	<u>JPY (5,645) million</u>
Deferred tax assets, Total	JPY 16,015 million
Deferred tax liabilities	
Unrealized gains on securities	JPY 5,270 million
Prepaid pension cost	JPY 3,383 million
Others	<u>JPY 209 million</u>
Deferred tax liabilities, Total	JPY 8,862 million
Net deferred tax assets	<u>JPY 7,153 million</u>

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

With the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 15, of 2016) and the “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 13 of 2016) enacted by the Diet on March 29, 2016, reduced corporate tax rates, etc. are applied from the fiscal year beginning on or after April 1, 2016. In conjunction with this change, the statutory tax rates applied to the computation of deferred tax assets and deferred tax liabilities have been revised from the original 32%, which was applied to the computation in the previous fiscal year, to 31%.

The revision to the tax rate has reduced deferred tax assets (the amount after deduction of deferred tax liabilities) by JPY 366 million, while income taxes - deferred and unrealized gains on available-for-sale securities increased by JPY 536 million and JPY 170 million, respectively, and deferred hedge gain (loss) decreased by JPY 0 million. Additionally, deferred tax liabilities related to revaluation decreased by JPY 39 million and land revaluation difference increased by the same amount.

Transactions with Related Parties

1. Subsidiaries, affiliates and other related parties

Type	Name	Voting Rights Held by Company (%)	Relationship	Transactions	Amount of Transactions (JPY millions)	Accounts	Year-end Balance (JPY millions)
Subsidiary	OMRON SWITCH & DEVICES Corporation	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing	5,475	Affiliate short-term borrowings Accrued expenses	5,943
				Payment of interest ^{2,4}	23		—
Subsidiary	OMRON Amusement Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing Payment of interest ^{2,4}	5,245 22	Affiliate short-term borrowings Accrued expenses	5,879 —
Subsidiary	OMRON Field Engineering Co., Ltd.	Indirect ownership, 100%	Borrowing Dispatch of Directors	Borrowing Payment of interest ^{2,4}	12,356 52	Affiliate short-term borrowings Accrued expenses	12,645 —
Subsidiary	OMRON Relay & Devices Corporation	Direct ownership, 100%	Purchase of products Borrowing Dispatch of Directors	Purchase of components for electronic devices ¹	30,083	Accounts payable – trade	3,898
				Borrowing Payment of interest ^{2,4}	5,762 23	Affiliate short-term borrowings Accrued expenses	7,183 —
Subsidiary	OMRON Automotive Electronics Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing Payment of interest ^{2,4}	7,566 30	Affiliate short-term borrowings Accrued expenses	7,797 —
Subsidiary	OMRON Finance Co., Ltd.	Direct ownership, 100%	Lending Dispatch of Directors	Lending Receipt of interest ^{3,4}	6,498 41	Affiliate short-term loans Accounts receivable	6,851 —
Subsidiary	OMRON Social Solutions Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing Payment of interest ^{2,4}	5,128 19	Affiliate short-term borrowings Accrued expenses	7,224 —
Subsidiary	OMRON Management Center of America, Inc.	Direct ownership, 100%	Lending Dispatch of Directors	Lending Recovery of funds	38,573 5,407	Affiliate short-term loans	6,761
				Receipt of interest ⁴	218	Affiliate long-term loans Accounts receivable	27,618 —
Subsidiary	OMRON Europe B.V.	Direct ownership, 100%	Sales of products Borrowing Dispatch of Directors	Sales of control devices ¹	23,720	Accounts receivable – trade	4,772
				Borrowing Payment of interest ⁴	6,237 120	Affiliate short-term borrowings Accrued expenses	23,233 89

Type	Name	Voting Rights Held by Company (%)	Relationship	Transactions	Amount of Transactions (JPY millions)	Accounts	Year-end Balance (JPY millions)
Subsidiary	OMRON Asia Pacific Pte. Ltd.	Direct ownership, 100%	Borrowing	Borrowing Payment of interest ⁴	961 54	Affiliate short-term borrowings Accrued expenses	5,138 51
Subsidiary	OMRON (China) Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing Repayment of funds Payment of interest ⁴	16,048 3,914 457	Affiliate long-term borrowings Accrued expenses	17,738 220
Subsidiary	OMRON (Shanghai) Co., Ltd.	Indirect ownership, 100%	Purchase of products Dispatch of Directors	Purchase of control devices ¹	25,400	Accounts payable – trade	2,328

Transaction Terms and Relevant Policies

- Notes:
1. Sales and purchase prices of products are determined with reference to the prevailing market prices and other information.
 2. For borrowing of funds, the parties enter into a contract using the pooling service of The Bank of Tokyo-Mitsubishi UFJ, Ltd., and funds are borrowed if the daily account balance of the concerned parties is JPY 1 or more. Borrowing and lending amounts are the average of the ending monthly balance for the relevant period (negative balance in the case of lending).
 3. For lending of funds, the parties enter into a contract using the pooling service of The Bank of Tokyo-Mitsubishi UFJ, Ltd., and funds are lent if the daily account balance of the concerned parties is less than JPY 0. Borrowing and lending amounts are the average of the ending monthly balance for the relevant period (negative balance in the case of borrowing).
 4. Loan interest is determined on the basis of market interest rates.

Per Share Information

- | | |
|-------------------------|--------------|
| 1. Net assets per share | JPY 1,167.90 |
| 2. Net income per share | JPY 151.21 |

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 9, 2016

To the Board of Directors of
OMRON Corporation:

Deloitte Touche Tohmatsu LLC

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

Yasuhiro Onishi

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

Teruhisa Tamai

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

Hiroaki Sakai

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2016 of OMRON Corporation (the "Company") and its consolidated subsidiaries, and the consolidated statement of income, consolidated statement of shareholder's equity for the fiscal year from April 1, 2015 to March 31, 2016, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which is applied mutatis mutandis pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment,

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

Audit Opinion

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under accounting principles generally accepted in the United States of America pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which is applied mutatis mutandis pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2016, and the results of their operations for the year then ended.

Interest

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

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

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 9, 2016

To the Board of Directors of
OMRON Corporation:

Deloitte Touche Tohmatsu LLC

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

Yasuhiro Onishi

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

Teruhisa Tamai

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

Hiroaki Sakai

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2016 of OMRON Corporation (the "Company"), and the related statements of income and changes in net assets for the 79th fiscal year from April 1, 2015 to March 31, 2016, and the related notes, and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

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

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2016, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

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

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

Audit Report

With respect to the Directors' performance of their duties during the 79th business year (from April 1, 2015 to March 31, 2016), the Audit & Supervisory Board has prepared this audit report as a result of discussion based on the audit reports prepared by each Audit & Supervisory Board Member, and its report is as follows:

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

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

(2) In conformity with the auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies and assignment of duties, etc. each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding with the Directors, the Internal Audit Division and other employees, etc., endeavored to collect information, maintain and improve the audit environment, and conducted the audit by the following methods.

1) Each Audit & Supervisory Board Member attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets at the head office and other principal business locations. Also, with respect to the subsidiaries, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with the Directors and Audit & Supervisory Board Members, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary.

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

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

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

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

2. Results of Audit

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

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

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

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

(3) Results of Audit of Consolidated Accounting Documents

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

May 12, 2016

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

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