

To All Shareholders:

Stock Code: 6645

May 24, 2019

Yoshihito Yamada
President and CEO

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

**CONVOCATION NOTICE FOR THE 82ND ORDINARY GENERAL
MEETING OF SHAREHOLDERS**

Notice is hereby given that the 82nd Ordinary General Meeting of Shareholders will be held as detailed below, and your attendance is cordially requested.

In the event that you are unable to attend the Meeting, you may exercise your voting rights in writing or by electronic methods. You are kindly requested to examine the attached Reference Materials for the General Meeting of Shareholders and to exercise your voting rights no later than 5:30 p.m. on Monday, June 17, 2019.

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

1. Date: Tuesday, June 18, 2019, 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 82nd Fiscal Year (April 1, 2018 to March 31, 2019)
 2. Financial Statements for the 82nd Fiscal Year
(April 1, 2018 to March 31, 2019)
 - B. Proposals
 - No. 1 Dividends from Retained Earnings
 - No. 2 Election of Eight (8) Directors
 - No. 3 Election of Two (2) Audit & Supervisory Board Members
 - No. 4 Election of One (1) Alternate Audit & Supervisory Board Member

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and Reference Items

No. 1: Dividends from Retained Earnings

In aiming toward the sustained improvements in corporate value, the Company prioritizes investments in R&D expenditures, capital investments, and M&As, which are vital to OMRON's future growth, and ongoing efforts are made to enhance shareholder returns by securing the necessary internal reserves for these investments and taking capital efficiency into account.

For dividends in each fiscal year, OMRON's policy is to enhance stable and uninterrupted profit distributions based on consolidated results, the payout ratio, and indicators including dividends on equity (DOE), which is return on equity (ROE) multiplied by the payout ratio. Specifically, during the period covered by the medium-term management plan for fiscal 2017 to fiscal 2020 ("VG2.0"), the Company will pay dividends based on a payout ratio of approximately 30% and a DOE of approximately 3% as a guide.

Based on this policy, the Company plans to pay a year-end dividend of JPY 42 per share. As the Company has paid an interim cash dividend of JPY 42 per share, total cash dividends for the fiscal year will be JPY 84 per share.

(1) Type of dividend assets:

Cash

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

JPY 42 per share of common stock. Total amount JPY 8,657,386,374

(3) Effective date of the dividend (First payment date for year-end dividend):

June 19, 2019

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 Company has established the Personnel Advisory Committee to enhance the transparency, objectivity and timeliness in the nomination process of candidates for Directors. In response to consultation from the Chairman of the Board of Directors, the Committee discusses and makes recommendations on the candidates for Directors in accordance with the election criteria. Reflecting the Personnel Advisory Committee's recommendations, the Board of Directors nominates the candidates for Directors.

The Director candidates are as stated on pages 4 to 12.

Candidate number	Name	Current position in the Company	Tenure as Director
1	<Reelection> Mr. Fumio Tateishi	Chairman of the Board	13 years
2	<Reelection> Mr. Yoshihito Yamada	Representative Director	8 years
3	<Reelection> Mr. Kiichiro Miyata	Representative Director	2 years
4	<Reelection> Mr. Koji Nitto	Director	5 years
5	<Reelection> Mr. Satoshi Ando	Director	2 years
6	<Reelection> Mr. Eizo Kobayashi <Outside Officer candidate> <Independent Officer candidate>	Director (Independent)	6 years
7	<Reelection> Ms. Kuniko Nishikawa <Outside Officer candidate> <Independent Officer candidate>	Director (Independent)	4 years
8	<Reelection> Mr. Takehiro Kamigama <Outside Officer candidate> <Independent Officer candidate>	Director (Independent)	2 years

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	<p>Mr. Fumio Tateishi (July 6, 1949) Reelection Tenure as Director: 13 years Attendance at the Board of Directors meetings during fiscal 2018: 13/13 times (100%)</p>	<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 (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> Chairman of the Board of Directors Member of the 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 CEO. 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>	1,199,027

Note: There are no special interests between the Company and Mr. Fumio Tateishi.

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: 8 years Attendance at the Board of Directors meetings during fiscal 2018: 13/13 times (100%)	<p>April 1984 Joined the Company June 2008 Appointed Executive Officer, and President and CEO of OMRON Healthcare Co., Ltd. March 2010 Appointed Senior General Manager of Corporate Strategic Planning H.Q. June 2010 Appointed Managing Executive Officer June 2011 Appointed President and CEO (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> President and CEO</p> <p><Reasons nominated as a candidate> Mr. Yoshihito Yamada appropriately supervises the corporate management as Representative Director. 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 and business execution as President and 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>	34,969

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. Kiichiro Miyata (July 24, 1960) Reelection Tenure as Director: 2 years Attendance at the Board of Directors meetings during fiscal 2018: 13/13 times (100%)	<p>April 1985 Joined Tateisi Institute of Life Science, Inc. (now OMRON Healthcare, Co., Ltd)</p> <p>March 2010 Appointed President and CEO of OMRON Healthcare Co., Ltd. (Retired in March 2015)</p> <p>June 2010 Appointed Executive Officer of the Company</p> <p>June 2012 Appointed Managing Executive Officer</p> <p>April 2015 Appointed Chief Technology Officer (CTO) and Senior General Manager of Technology & Intellectual Property H.Q. (to present)</p> <p>April 2017 Appointed Senior Managing Director (to present)</p> <p>June 2017 Appointed Representative Director (to present)</p> <p>March 2018 Appointed Senior General Manager of Innovation Exploring Initiative HQ (to present)</p> <p><i>Areas of responsibility in the Company:</i> Senior Managing Executive Officer CTO, Senior General Manager of Technology & Intellectual Property HQ and Senior General Manager of Innovation Exploring Initiative HQ Member of the Personnel Advisory Committee</p> <p><Reasons nominated as a candidate> Mr. Kiichiro Miyata appropriately supervises the corporate management as Representative Director based on a technical perspective. Mr. Miyata actively comments as a member of the Personnel Advisory Committee to contribute to increasing transparency and fairness in executive personnel matters. In addition, as CTO, Senior General Manager of Technology & Intellectual Property H.Q. and Senior General Manager of Innovation Exploring Initiative HQ, Mr. Miyata currently formulates and implements technology strategies from a management standpoint over the medium-to-long-term. 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>	10,059

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

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. Koji Nitto (February 1, 1961) Reelection Tenure as Director: 5 years Attendance at the Board of Directors meetings during fiscal 2018: 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) April 2017 Appointed Chief Financial Officer (CFO) (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> Senior Managing Executive Officer CFO and Senior General Manager of Global Strategy H.Q. Member of the Compensation Advisory Committee</p> <p><Reasons nominated as a candidate> Mr. Koji Nitto appropriately supervises the corporate management based on financial and strategic perspectives 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. In addition, as CFO and Senior General Manager of Global Strategy H.Q., Mr. Nitto implements appropriate management for finance and strategy as a group by quickly adapting to changes in economic condition and business environment. 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>	12,166

- 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
5	<p>Mr. Satoshi Ando (January 27, 1955) Reelection Tenure as Director: 2 years Attendance at the Board of Directors meetings during fiscal 2018: 13/13 times (100%)</p>	<p>April 1977 Joined The Bank of Tokyo, Ltd. (now MUFG Bank, Ltd.) July 2003 Appointed Branch Manager of Jakarta Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Left the bank in June 2007) June 2007 Appointed Audit & Supervisory Board Member (Independent) of the Company June 2011 Appointed Executive Officer and Senior General Manager of Investor Relations H.Q. March 2015 Appointed Senior General Manager of Global Investor Relations & Corporate Communications H.Q. April 2015 Appointed Managing Executive Officer June 2017 Appointed Director (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> Vice Chairman of the Personnel Advisory Committee Vice Chairman of the CEO Selection Advisory Committee Vice Chairman of the Compensation Advisory Committee</p> <p><Reasons nominated as a candidate> Mr. Satoshi Ando appropriately supervises the corporate management as full-time Director not engaged in business execution with an aim to achieve the long-term corporate vision. Mr. Ando actively comments as Vice Chairman of the Personnel Advisory Committee, CEO Selection Advisory Committee and Compensation Advisory Committee to contribute to increasing transparency and fairness in executive personnel matters, the appointment of CEO, and compensation of Directors. 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>	16,914

- Notes: 1. There are no special interests between the Company and Mr. Satoshi Ando.
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	<p>Mr. Eizo Kobayashi (January 7, 1949) <Outside Officer Candidate> <Independent Officer candidate> Reelection Tenure as Director: 6 years Attendance at the Board of Directors meetings during fiscal 2018: 13/13 times (100%) Number of listed companies including OMRON where he concurrently serves as an officer: with business execution 0 without business execution 3</p>	<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 June 2013 Appointed Director (Independent) of the Company (to present) June 2016 Appointed Chairman of ITOCHU Corporation April 2018 Appointed Senior Representative for Business Community Relations of ITOCHU Corporation (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> 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</p> <p><i>Significant concurrent positions:</i> Senior Representative for Business Community Relations of ITOCHU Corporation External Director of Japan Airlines Co., Ltd. Outside Director of Japan Exchange Group, Inc. Outside Director of Nippon Venture Capital Co., Ltd. Chairman of ITOCHU Foundation</p> <p><Reasons nominated as a candidate> Having served in management positions at 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 Personnel Advisory Committee, CEO Selection Advisory Committee and Corporate Governance Committee and as a member 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 supervising management for sustained improvements in corporate value and therefore requests his reelection as a Director (Independent).</p>	7,868

- Notes: 1. Mr. Eizo Kobayashi currently serves as Senior Representative for Business Community Relations of ITOCHU Corporation. While the OMRON Group has a business relationship with the ITOCHU Group including sales of products, such transactions in fiscal 2018 accounted for less than 1% of the consolidated net sales of the OMRON Group and those of the ITOCHU Group. Therefore 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 Group, Inc. If Mr. Kobayashi's reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange Group, Inc. Details of "The Company's policy regarding the independence of Outside Officers" are described on pages 13 to 14.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with outside Directors and outside Audit & Supervisory Board Members 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. ITOCHU Corporation, at which Mr. Eizo Kobayashi served as Director until June 2016, received a cease and desist order from the Japan Fair Trade Commission in January, February and July of 2018, on account of violations of the Antimonopoly Act, with respect to the sale of uniforms to West Japan Railway Company, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION, and ALL NIPPON AIRWAYS CO., LTD., respectively, while he was serving as Director. In addition, ITOCHU Corporation received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission in October 2018, on account of violations of the Antimonopoly Act, with respect to the supply of uniforms to NTT DOCOMO, INC. Since the facts of these incidents became known, ITOCHU Corporation has been striving to further strengthen its compliance framework including its compliance with the Antimonopoly Act, and the prevention of violation thereof.
 5. Japan Airlines Co., Ltd., at which Mr. Eizo Kobayashi serves as External Director, received a business improvement order from the Ministry of Land, Infrastructure, Transport and Tourism in December 2018, on account of serious violations that affect air safety, such as the problem related to drinking by a flight crew member and the decision to change the organization of the crew, and a recommendation to improve operations from the Ministry in January 2019, in connection with the drinking incident of a flight attendant. Mr. Kobayashi has made proposals from the standpoint of compliance with laws and regulations at the Board of Directors meetings and other meetings. Even after recognizing the facts above, he has given instructions to conduct a thorough investigation and formulate measures to prevent such violation, thereby fulfilling his duties.
 6. 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
7	Ms. Kuniko Nishikawa (July 9, 1962) <Outside Officer Candidate> <Independent Officer candidate> Reelection Tenure as Director: 4 years Attendance at the Board of Directors meetings during fiscal 2018: 13/13 times (100%) Number of listed companies including OMRON where she concurrently serves as an officer: with business execution 0 without business execution 1	<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. June 2015 Appointed Director (Independent) of the Company (to present) May 2017 Appointed Chief Executive Officer of FRONTEO Healthcare, Inc. (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> 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</p> <p><i>Significant concurrent positions:</i> President & CEO of Firststar Healthcare Co. Ltd. Chief Executive Officer of FRONTEO Healthcare, Inc. Audit & Supervisory Board Member of AIG Japan Holdings Kabushiki Kaisha</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 Chairman of the Compensation Advisory Committee, Vice Chairman of the Corporate Governance Committee, and as a member of the Personnel Advisory Committee and CEO Selection Advisory 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 supervising management for 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 Group, Inc. If Ms. Nishikawa's reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange Group, Inc. Details of "The Company's policy regarding the independence of Outside Officers" are described on pages 13 to 14.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with outside Directors and outside Audit & Supervisory Board Members 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.

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	Mr. Takehiro Kamigama (January 12, 1958) <Outside Officer Candidate> <Independent Officer candidate> Reelection Tenure as Director: 2 years Attendance at the Board of Directors meetings during fiscal 2018: 13/13 times (100%) Number of listed companies including OMRON where he concurrently serves as an officer with business execution 0 without business execution 3	<p>April 1981 Joined TDK Corporation</p> <p>June 2002 Appointed Corporate Officer of TDK Corporation</p> <p>June 2003 Appointed Senior Vice President of TDK Corporation</p> <p>June 2004 Appointed Director & Executive Vice President of TDK Corporation</p> <p>June 2006 Appointed President & Representative Director of TDK Corporation</p> <p>June 2016 Appointed Chairman & Representative Director of TDK Corporation</p> <p>June 2017 Appointed Director (Independent) of the Company (to present)</p> <p>June 2018 Appointed Mission Executive of TDK Corporation (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> 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</p> <p><i>Significant concurrent positions:</i> Mission Executive of TDK Corporation Outside Director of Yamaha Motor Co., Ltd. External Director of SoftBank Corp.</p> <p><Reasons nominated as a candidate> Having served in management positions at a global company, Mr. Takehiro Kamigama has a considerable track record of management achievements and superior insight, and appropriately supervises corporate management as a Director (Independent). In addition, Mr. Kamigama shares his 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 he is a suitable person for supervising management for sustained improvements in corporate value and therefore requests his reelection as a Director (Independent).</p>	0

- Notes: 1. Mr. Takehiro Kamigama currently serves as Mission Executive of TDK Corporation. While the OMRON Group has a business relationship with the TDK Group including sales of products, such transactions in fiscal 2018 accounted for less than 1% of the consolidated net sales of the OMRON Group and those of the TDK Group. Therefore there is nothing questionable regarding the independence of Mr. Kamigama.
2. Mr. Takehiro Kamigama is currently a Director (Independent) of the Company, and the Company has provided notification as an Independent Officer to Tokyo Stock Exchange Group, Inc. If Mr. Kamigama's reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange Group, Inc. Details of "The Company's policy regarding the independence of Outside Officers" are described on pages 13 to 14.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with outside Directors and outside Audit & Supervisory Board Members 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. Takehiro Kamigama 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. Kamigama's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
4. TDK Corporation, at which Mr. Takehiro Kamigama served as Director until June 2018, was found by the Japan Fair Trade Commission to have committed a violation of the Antimonopoly Act in its HDD suspension business, while he was serving as Director. The company then filed an application for surcharge reduction and exemption (the leniency policy), which was accepted and allowed the company to receive exemption from surcharge, while it was not penalized by a cease and desist order. Mr. Kamigama has been dedicated to accomplishing complete compliance with laws and regulations, and after the fact of this incident became known, he is now striving to further strengthen the compliance frameworks including compliance with Antimonopoly Act and the prevention of violation thereof, thereby fulfilling his duties.

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 Two (2) Audit & Supervisory Board Members

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

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

The Company has established the Personnel Advisory Committee to enhance the transparency and objectivity in the nomination process of candidates for Audit & Supervisory Board Members. In response to consultation from the Chairman of the Board of Directors, who has been entrusted by the Audit & Supervisory Board, the Committee discusses and makes recommendations on the candidates for Audit & Supervisory Board Members in accordance with the election criteria. Reflecting the Personnel Advisory Committee's recommendations, and with the consent of the Audit & Supervisory Board, the Board of Directors nominates the candidate for Audit & Supervisory Board Member.

The Audit & Supervisory Board Member candidates are described on pages 16 to 17.

Candidate number	Name	Current position in the Company	Tenure as Audit & Supervisory Board Member
1	<Reelection> Mr. Kiichiro Kondo	Audit & Supervisory Board Member (Full-time)	4 years
2	<New candidate> Mr. Kiyoshi Yoshikawa	New candidate	-

Candidate number	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions	Number of shares of the Company owned
1	<p>Mr. Kiichiro Kondo (December 10, 1954) Reelection Tenure as Audit & Supervisory Board Member: 4 years Attendance at the Board of Directors meetings during fiscal 2018: 13/13 times (100%) Attendance at the Audit & Supervisory Board meetings during fiscal 2018: 13/13 times (100%)</p>	<p>April 1977 Joined Mitsui Ocean Development & Engineering Co., Ltd. January 1988 Joined Mitsui Trust and Banking Company, Limited (now Sumitomo Mitsui Trust Bank, Limited) April 1999 Joined the Company March 2007 Appointed Senior General Manager, Public Solutions Business Department of Social Systems Solutions and Service Business Company June 2007 Appointed Executive Officer April 2011 Appointed President and CEO of OMRON Social Solutions Co., Ltd. June 2011 Appointed Managing Executive Officer June 2015 Appointed Audit & Supervisory Board Member (Full-time) (to present)</p> <p><Reasons nominated as a candidate> Mr. Kiichiro Kondo appropriately fulfills his role of auditing the Directors' duties as an Audit & Supervisory Board Member. He attends the Board of Directors meetings and other important meetings, at which he proactively comments from the standpoint of audit on legality and appropriateness. As an Audit & Supervisory Board Member (Full-time), Mr. Kondo actively works to develop the audit environment and collect internal information while routinely monitoring the design and operation of the internal control system. In addition, Mr. Kondo has work experience in financial institutions, and has considerable knowledge regarding finance and accounting. Based on these factors, the Company believes that he is a suitable person for auditing and therefore requests his reelection as an Audit & Supervisory Board Member.</p>	19,185

- Notes: 1. There are no special interests between the Company and Mr. Kiichiro Kondo.
2. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan.

Candidate number	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions	Number of shares of the Company owned
2	Mr. Kiyoshi Yoshikawa (October 12, 1960) New Candidate	<p>April 1983 Joined the Company March 2010 Appointed Senior General Manager of Manufacturing Innovation HQ (now Global Manufacturing Innovation HQ) June 2010 Appointed Executive Officer April 2016 Appointed Managing Executive Officer</p> <p><Reasons nominated as a candidate> Mr. Kiyoshi Yoshikawa has long been involved in the Company's Industrial Automation Business. Following his work experience in the production and planning groups, Mr. Yoshikawa contributed to enhancing the Group's corporate value through optimization of the global production structure and promotion of the enhancement of product quality as Senior General Manager of Global Manufacturing Innovation HQ. Given his work experience of that position, he has considerable knowledge regarding quality management and production processes. Based on this track record and abundant experience, the Company believes that Mr. Yoshikawa is a suitable person for auditing and requests his new election as an Audit & Supervisory Board Member.</p>	7,655

- Notes: 1. There are no special interests between the Company and Mr. Kiyoshi Yoshikawa.
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.

(Reference)

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

There is no change in the current number and composition of Audit & Supervisory Board Members (two full-time Audit & Supervisory Board Members and two Audit & Supervisory Board Members (Independent)).

Name	Position in the Company	Tenure as Audit & Supervisory Board Member
<Incumbent> Mr. Kiichiro Kondo	Audit & Supervisory Board Member (Full-time)	4 years
<New candidate> Mr. Kiyoshi Yoshikawa	Audit & Supervisory Board Member (Full-time)	-
<Incumbent> Mr. Hideyo Uchiyama <Outside Officer> <Independent Officer>	Audit & Supervisory Board Member (Independent)	3 years
<Incumbent > Mr. Tadashi Kunihiro <Outside Officer> <Independent Officer>	Audit & Supervisory Board Member (Independent)	2 years

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 Ordinary General Meeting of Shareholders. To ensure that the Company will not lack the number of Audit & Supervisory Board Members stipulated by laws and regulations, 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 laws and regulations, 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. (Procedures for nominating candidates for Alternate Audit & Supervisory Board Members is the same as that of candidates for Audit & Supervisory Board Members, as described in “No. 3: Election of Two (2) Audit & Supervisory Board Members” on page 15.)

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. Outside Auditor of O-WELL CORPORATION <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 Alternate Outside Audit & Supervisory Board Member. 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.	0

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

2. Mr. Toru Watanabe is an Alternate Outside Audit & Supervisory Board Member candidate, and meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange Group, Inc. If Mr. Watanabe is appointed as an Outside Audit & Supervisory Board Member, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange Group, Inc. Details of “The Company’s policy regarding the independence of Outside Officers” are described on pages 13 to 14.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with outside Directors and outside Audit & Supervisory Board Members with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. If Mr. Watanabe is appointed as an Outside Audit & Supervisory Board Member, 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.

Business Report (Consolidated)

(April 1, 2018 to March 31, 2019)

1. Current State of the OMRON Group

(1) Consolidated Results

General Overview

The OMRON Group recorded fiscal 2018 net sales level with the previous fiscal year. Operating income and net income underperformed the previous fiscal year. During the second half of the fiscal year (October 2018 through March 2019), demand for smartphones and semiconductor-related products slowed, while the global market for manufacturing continued to decline. Our core Industrial Automation Business and Electronic and Mechanical Components Business both experienced sluggish sales. Our Social Systems, Solutions and Service Business and Healthcare Business, however, contributed earnings growth, resulting in overall net sales level with the previous fiscal year. Operating income underperformed the previous fiscal year as a result of strategic increases in selling, general and administrative expenses and development expenses toward future growth.

Net sales	JPY 859,500 million, 0.1 percent decrease year on year
Gross profit margin	41.2 percent, 0.4 point decrease year on year
Operating income	JPY 76,600 million, 11.2 percent decrease year on year
Net income attributable to shareholders	JPY 54,300 million, 14.0 percent decrease year on year

Average exchange rates for fiscal 2018:

USD 1 = JPY 110.7

EUR 1 = JPY 128.8

RMB 1 = JPY 16.5

The average exchange rates for the fiscal year ended March 31, 2019 were USD 1 = JPY 110.7 (0.5 yen more than the previous fiscal year), EUR 1 = JPY 128.8 (0.6 yen more than the previous fiscal year) and RMB 1 = JPY 16.5 (0.2 yen more than the previous fiscal year).

Results by Business Segment

IAB: Industrial Automation Business

Outline of business

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

Major products/services

Programmable controllers, motion controllers, sensing devices, industrial camera/code reader devices, inspection systems, safety devices, industrial robots and control devices

Sales were level with the previous fiscal year, despite firm demand in the automobile industry for capital investment, which was driven by advancements in technology and trends toward local production for local consumption. At the same time, the food industry and other sectors continued to experience a rising need for labor-saving automation. Our sales activities leveraged an extensive product lineup and an ability to propose attractive solutions, resulting in higher sales to the automobile and food industries. In contrast, sales to the digital industry were lower due to slower demand for capital investment related to smartphones and semiconductors, as well as the globally expanding downturn in the manufacturing industry over the second half of the fiscal year.

Operating income was significantly lower compared to the previous fiscal year, mainly due to strategic investments in personnel and research and development for sustainable future growth. Yen appreciation also had a major negative impact on operating income.

As a result, net sales for the fiscal year totaled JPY 391,800 million, a decrease of 1.1 percent compared with the previous fiscal year, and operating income totaled JPY 62,900 million, a decrease of 15.0 percent compared with the previous fiscal year.

EMC: Electronic and Mechanical Components Business

Outline of business

Provides electronic components globally in a wide range of fields including built-in control components for general application (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, general sensors, face recognition software, image sensing component and MEMS sensors

Fiscal 2018 EMC segment sales were lower than the previous fiscal year. Although we correctly identified environmental changes and customer demand for consumer and commercial products in the Americas and Europe, weak purchasing sentiment in the automotive industry in China drove demand lower. At the same time, demand has fallen due to the impact of ongoing contraction in the amusement industry.

Operating income was significantly lower compared to the previous fiscal year due to lower sales to external customers and OMRON Group businesses, combined with investments in new products and productivity improvements looking ahead to future growth.

As a result, net sales for the fiscal year totaled JPY 99,700 million, a decrease of 4.5 percent compared with the previous fiscal year, and operating income totaled JPY 8,200 million, a decrease of 34.5 percent compared with the previous fiscal year.

Note: OMRON revised business classifications, reclassifying certain operations (MEMS sensors, etc.) under the Other Businesses to the Electronic and Mechanical Components Business segment beginning with the fiscal year ended March 31, 2019. The company reclassified results for the fiscal year ended March 31, 2018 under this new categorization for presentation herein.

AEC: Automotive Electronic Components Business

Outline of business

Takes on new challenges in automotive electronics to make automobiles safer and more supportive to people and the environment, and 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 and power conversion units

Changes in vehicle models carrying OMRON products and other factors resulted in weak demand in the Americas, Europe, and China. On the other hand, demand in Asia was strong, supported by increasing automobile production and rising needs for motorcycle-related products.

The AEC reported higher operating income compared to the previous fiscal year as a result of efforts to improve profitability within the segment.

As a result, net sales for the fiscal year totaled JPY 130,500 million, a decrease of 0.5 percent compared with the previous fiscal year, and operating income totaled JPY 6,300 million, an increase of 8.7 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, energy management business, IoT (power protection, data protection) solutions and related maintenance business

The segment experienced firm demand for upgrades in our Railway Station Service Systems Business and Traffic and Road Management Systems Business. In response, we proposed solutions tailored to the needs of our clients.

The SSB segment reported significantly higher operating income compared to the previous fiscal year, due to higher sales and improved productivity.

As a result, net sales for the fiscal year was JPY 75,000 million, an increase of 6.7 percent compared with the previous fiscal year, and operating income totaled JPY 5,800 million, an increase of 19.5 percent compared with the previous fiscal year.

Note: OMRON revised business classifications, reclassifying certain operations (IoT solutions) under the Other Businesses to the Social Systems, Solutions and Service Business segment beginning with the fiscal year ended March 31, 2019. The company reclassified results for the fiscal year ended March 31, 2018 under this new categorization for presentation herein.

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. In the data service field, provides *OMRON connect* that allows for data coordination between various health and medical applications of other companies and data measured using OMRON products, to support people's health.

Major products/services

Digital blood pressure monitors, nebulizers, low-frequency therapy equipment, ECGs, oxygen generators, digital thermometers, body composition monitors, pedometers and activity meters, electric toothbrushes, massagers, blood glucose monitors, vascular screening devices and visceral fat monitors

The HCB segment experienced strong sales, due to stepped-up promotions through online channels mainly in China, Japan, and the Americas. These markets and others across the globe have shown firm demand for our blood pressure monitors.

Although the segment incurred higher research and development expenses for future growth, operating income grew compared to the previous fiscal year, mainly due to higher sales and productivity improvements.

As a result, net sales for the fiscal year was JPY 115,500 million, an increase of 6.5 percent compared with the previous fiscal year, and operating income totaled JPY 13,000 million, an increase of 16.3 percent compared with the previous fiscal year.

Businesses under direct control of headquarters (Other Businesses)

(Environmental 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

*Backlight Business

High-quality backlight units for LCDs

The OMRON Environmental Solutions Business reported strong performance for the year, experiencing growing demand for storage battery systems. Our Backlights Business saw weak sales due to further business optimization initiatives. As a result, Other Businesses sales fell compared to the previous fiscal year.

The Other Businesses segment reported narrower losses compared to the previous fiscal year, mainly due to higher Environmental Solutions Business sales and optimization of fixed expenses in our Backlights Business.

As a result, net sales was JPY 41,700 million, a decrease of 5.9 percent compared with the previous fiscal year, and operating loss totaled JPY 500 million.

Note: OMRON revised business classifications, reclassifying certain operations (MEMS sensors, etc.) under the Other Businesses segment to the Electronic and Mechanical Components Business and other segments beginning with the fiscal year ended March 31, 2019. OMRON also revised business classifications in October 2018, reclassifying certain operations (IoT solutions) under the Other Businesses segment to the Social Systems, Solutions and Service Business segment beginning with the fiscal year ended March 31, 2019. Accordingly, the company reclassified consolidated results for the fiscal year ended March 2018 under this new categorization for presentation herein. Net sales and operating income in the Other Businesses segment include those in the Electronic Systems and Equipment Business segment.

Sales by Division (Consolidated) (OMRON Group)

Division	Amount (JPY millions)	Share of total (%)	Year-on-year comparison (%)
Industrial Automation Business	391,826	46	99
Electronic and Mechanical Components Business	99,703	12	96
Automotive Electronic Components Business	130,471	15	99
Social Systems, Solutions and Service Business	75,023	9	107
Healthcare Business	115,493	13	106
Businesses under direct control of headquarters (Other Businesses)	41,739	4	94
Eliminations & Corporate	5,227	1	101
Total	859,482	100	100

- Notes: 1. “Businesses under direct control of headquarters (Other Businesses)” include the environmental business, electronic systems and equipment business and backlight business.
2. “Eliminations & Corporate” includes the figures of subsidiaries and affiliates outside the scope of the above divisions.
3. OMRON revised business classifications, reclassifying certain operations (MEMS sensors, etc.) under the Other Businesses segment to the Electronic and Mechanical Components Business segment and the Eliminations & Corporate segment beginning with the fiscal year ended March 31, 2019. Furthermore, OMRON also revised business classifications in October 2018, reclassifying certain operations (IoT solutions) under the Other Businesses segment to the Social Systems, Solutions and Service Business segment beginning with the fiscal year ended March 31, 2019. Comparisons with the previous fiscal year are indicated based on monetary amounts for the previous fiscal year after reclassification of segments.

(2) Capital Investment

The OMRON Group enhanced production equipment and invested in bases with the aim of creating future growth, and established new bases for strengthening its development capacity in the fields of AI and robotics technologies. As a result, total capital investment was JPY 41,861 million, a 7.7 % increase from the previous fiscal year.

Capital investment amounts by division were as shown below.

Division	Amount (JPY millions)
Industrial Automation Business	7,430
Electronic and Mechanical Components Business	11,998
Automotive Electronic Components Business	6,200
Social Systems, Solutions and Service Business	1,875
Healthcare Business	4,024
Businesses under direct control of headquarters (Other Businesses)	875
Eliminations & Corporate	9,459
Total	41,861

- Notes: 1. “Businesses under direct control of headquarters (Other Businesses)” include the environmental business, electronic systems and equipment 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. OMRON revised business classifications in October 2018, reclassifying certain operations (IoT solutions) under the Other Businesses segment to the Social Systems, Solutions and Service Business segment beginning with the fiscal year ended March 31, 2019. The above table shows figures after reclassification.

(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

Summary

The OMRON Group began operating under the VG2.0 medium-term management plan, the final stage of VG2020, in fiscal 2017. We continue to work under the VG2.0 group-wide banner of achieving growth by proactively creating innovation originating in technological evolution, speeding the advancement of our own core Sensing & Control + THINK technologies and creating social needs through innovations in technology.

[Results for fiscal 2018]

During fiscal 2018, the Group pursued a basic policy defined as Creating Change: Accelerate growth and transform profit structure through innovation. Although profits fell for fiscal 2018 as the result of operating environment changes exceeding our expectations, we completed growth-related investments in line with our original plan, building a foundation of assets upon which we will accelerate forward into the future.

1. Accelerate Growth Through Innovation

Industrial Automation Business: Led by our **innovative-Automation(*1)** concept for transforming manufacturing worksites, the Group developed numerous innovative applications that delivered dramatic improvements in productivity and quality. We have used these innovative applications to increase the number of our Automation Centers and sales engineering staff for enhancing our solution capabilities and enabling us to solve customer problems. We also began full-scale implementation of i-BELT, a co-creation business model working with customers, with the use of IoT technology and data to eliminate line stoppages and product defects.

Healthcare Business: The Group launched a wearable blood pressure monitor in the form factor of a wristwatch, which was certified for use as a medical device in the U.S. This product, aimed at completely eliminating brain and cardiovascular diseases, measures important lifestyle factors and environmental factors, including blood pressure. We purchased 3A Health Care in Italy to help achieve our goal of completely eliminating asthma attacks, and improved our development and production capabilities.

2. Transform Profit Structure

The Group worked to generate greater efficiency in leveraging fixed manufacturing costs in our Electronic and Mechanical Components Business and higher gross profit margins for the Group. We also centralized and standardized finance, human resources, general affairs and other support functions, and consolidated business entities and office locations.

[Fiscal 2019 Plan]

During fiscal 2019, we intend to secure a platform to *soundly establish a self-driven growth structure in times of adversity*. The subtitle for this policy is – *Strengthen earning capacity, growing capability, and responsiveness to change* –. The OMRON Group sees continued challenges in the market, and has planned fiscal 2019 numerical targets of JPY 830.0 billion in net sales, 42.0 percent in gross profit margin, JPY 65.0 billion in operating income, JPY 42.5 billion in net income attributable to shareholders, ROIC of over 8 percent, and ROE of over 8 percent(*). The Group will strengthen earning capacity, growth capability, and responsiveness to change, and intend to secure a platform to establish a self-driven growth structure.

1. Increase Earnings Power

The Group will continue to improve gross profit margins and make more efficient use of fixed costs, selectively allocate the resources generated by these initiatives, and create future growth for the group.

2. Enhance Growth Power

The Group intends to take full advantage of the technologies, products, infrastructure, and other assets we developed through two years of activities and reap the fruits of our efforts.

3. Strengthen Ability to Respond to Change

The Group will further raise our sensitivity to market changes compared with the fiscal 2018 and use this to take swift action.

* Our targets for the next fiscal year include fiscal year forecasts for the Automotive Electronics Components Business, for which it was announced on April 16, 2019, that stocks would be transferred to the Nidec Corporation Group.

Main Text

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), our ten-year vision formulated in 2011. We began operating under the VG2.0 medium-term management plan, the final stage of VG2020, in fiscal 2017.

Our VG2.0 plan accurately identified a further rise in social needs, spurred by labor shortages, declining birth rates, aging societies, global warming, and other issues. At the same time, advancements in technologies such as AI and IoT have created new and valuable markets. The OMRON Group continued to strive to progress technologically to innovate and grow as defined under VG2.0, making progress in our core Sensing & Control + THINK technologies and aiming for sustainable growth as we answer social needs through innovations in technology.

[Results for fiscal 2018]

During this, the second year of VG2.0, we pursued a basic policy defined as Create Change: Accelerate growth and transform profit structure through innovation. Our Healthcare Business and Social Systems, Solutions and Service Business enjoyed strong earnings growth during fiscal 2018. The second half of the fiscal year brought with it rising U.S.-China trade frictions, resulting in markets that were slower than expected. This environment drove fiscal 2018 profits lower in our Industrial Automation Business, Electronic and Mechanical Components Business, and Automotive Electronic Components Business. We are still only at the mid-way point in our journey toward establishing a self-driven growth structure, and fiscal 2018 was a year that left unresolved issues related to our ability to respond to change. Despite the challenges, we completed growth-related investments in line with our original plan, building a foundation of technologies, products, infrastructure, and other assets upon which we will accelerate forward into the future. The following describes specific initiatives we pursued during fiscal 2018.

1. Accelerate Growth Through Innovation

(1) Industrial Automation Business Initiatives

During fiscal 2018, our Industrial Automation Business introduced further advancements to our **innovative**-Automation value concept in pursuit of accelerated growth through innovation. As a result, we provided solutions for manufacturing issues that customers had believed unresolvable to date. In this way, we have demonstrated our steady progress in our ability to address and solve issues. This year in particular, we stepped-up participation in alliances and co-creation projects with our partners and customers. As a result, we developed numerous innovative applications that delivered dramatic improvements in productivity and quality. Since 2016, we have expanded the number of worldwide Automation Centers from eight to 35, allowing us to provide more opportunities for customers to experience the innovative applications we develop for use on their production floors. In that same time frame, we increased sales engineering staff by 20 percent to support production floor implementations among our customers. In Japan and China, we expanded and renovated factories to secure the type of production capacity necessary for future growth. Last, we began full-scale implementation of i-BELT, a co-creation business model working with customers on their production floors. i-BELT uses IoT technology to collect data from manufacturing equipment. This data is then used to provide visibility for production floor conditions and identify issues to improve productivity. Based on this data, AI controllers provide optimized manufacturing line control for factories, eliminating line stoppages and product defects.

Our work on these policies during the year helped us secure assets necessary for future growth.

(2) Healthcare Business Initiatives

Our Healthcare Business began sales in the United States of a wearable blood pressure monitor allowing 24/7 monitoring in the form factor of a wristwatch. This product measures important lifestyle and environmental factors, including blood pressure, steps, sleep, and temperature. Consumers are encouraged to make changes in their behavior by visualizing the actual relationship between lifestyle habits, living environment, and fluctuations in blood pressure. The U.S. Food and Drug Administration has certified this produce as a medical device, information from which is useful in treating high blood pressure. Patients can share this information with their personal medical professional to plan a course of treatment tailored individual to their situation. In fiscal 2018, we purchased 3A Health Care in Italy. This company develops and manufactures nebulizers, which are used as therapeutic equipment for treating respiratory diseases. Operating in Italy for nearly 30 years, 3A Health Care is particularly capable in the development of these nebulizers. We anticipate

leveraging this strength to develop highly competitive high-quality nebulizers for markets around the world, as we contribute to the goal of Zero Events (completely eliminating asthma attacks).

2. Transform Profit Structure

To transform the OMRON Group profit structure, we are accelerating the development of automation in manufacturing processes, reducing costs on an ongoing basis, and delivering high-value products to our customers. These initiatives are designed to generate higher gross profit margins for the group. Our Electronic and Mechanical Components Business generated greater efficiency in leveraging fixed manufacturing costs, mainly through consolidating operating locations and production lines. Further, we achieved more efficient use of fixed costs by consolidated business entities and office locations handling group back office functions, centralizing and standardizing finance, human resources, general affairs, and other support functions.

[Fiscal 2019 Plan]

During fiscal 2019, we intend to secure a platform to *soundly establish a self-driven growth structure in times of adversity*. The subtitle for this policy is – *Strengthen earning capacity, growing capability, and responsiveness to change* –.

Our fiscal 2019 plan calls for JPY 830.0 billion in net sales, 42.0 percent in gross profit margin, JPY 65.0 billion in operating income, JPY 42.5 billion in net income attributable to shareholders, ROIC of over 8 percent, and ROE of over 8 percent (*).

We expect the Healthcare Business, Social Systems, Solutions and Service Business, and Environmental Solutions Business to deliver strong performance for the upcoming fiscal year. Meanwhile, we see continued challenges in the markets addressed by our Industrial Automation Business, Electronic and Mechanical Components Business, and Automotive Electronic Components Business.

Continuing geopolitical risks will likely have an ongoing impact on the global economy, resulting in an extended period of instability and uncertainties in the business environment. On the other hand, we see this headwind as an opportunity for the OMRON Group. Accordingly, we will use fiscal 2019 as a time to build strength for self-driven growth.

1. Increase Earnings Power

To increase our earnings power, we intend to reach higher levels of profits through consistent improvements in gross profit margins and more efficient use of selling, general and administrative expenses. As we selectively allocate the resources generated by these initiatives, we will create sustainable growth for the group. The Electronic and Mechanical Components Business, for example, has restructured its production platform by consolidating multiple production lines formerly spread across the world. We expect to make the most of this restructuring in fiscal 2019.

2. Enhance Growth Power

We intend to take full advantage of the technologies, products, infrastructure, and other assets we developed through two years of VG2.0 activities to date, generating concrete results in fiscal 2019. Our Industrial Automation Business will use the OMRON Group Automation Centers to offer innovative applications that solve production floor issues faced by customers around the world. As part of these efforts, we will reassign and train sales staff and sales engineers to make better use of these professionals who are so important in delivering applications to customers. This should let us be more effective in proposing OMRON Group products and services that solve customer issues. Our Healthcare Business has spent the past two years in developing a global sales network for the growing Internet sales markets in America, the major countries of Europe, China, Japan, and other regions. We plan to expand our sales network further and engage in promotional activities to provide our products to as many consumers as possible.

3. Strengthen Ability to Respond to Change

The OMRON Group has developed a system to monitor market trends and changes in customers through our business units. We keep a continuous eye on changes and take action in response. Collecting and analyzing information centrally allows us to identify signs of change. In fiscal 2019, we intend to expand the number of indicators we monitor, raising our sensitivity to change and increasing our speed of action. As we execute these initiatives, we will become more flexible in responding to change in the face of headwinds. While we identify market shifts stemming from the types of social needs outlined in our VG2.0 medium-term management plan, we will also exercise careful judgment in selecting those investments necessary for future growth. These decisions and actions will take us further toward a structure supporting self-driven growth for the OMRON Group.

- (*1) “innovative-Automation” is the OMRON concept to introduce innovations to manufacturing. “innovative-Automation” consists of three “i”s, representing evolutions in automation that bring dramatic advancements to the production floor and high added value to manufacturing processes.
- “integrated”: Evolution in control technologies allowing any operator of any experience the ability to perform work efficiently.
- “intelligent”: Using a broad range of control devices and AI connected through ICT to introduce self-learning and self-maintenance in production machinery for ever-evolving equipment and production lines.
- “interactive”: Machines in the workplace anticipate and assist human movement, introducing a new harmony between human and machine.
- * Our targets for the next fiscal year include fiscal year forecasts for the Automotive Electronics Components Business, for which it was announced on April 16, 2019, that stocks would be transferred to the Nidec Corporation Group.

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

(JPY millions)

	78th term (April 1, 2014 to March 31, 2015)	79th term (April 1, 2015 to March 31, 2016)	80th term (April 1, 2016 to March 31, 2017)	81st term (April 1, 2017 to March 31, 2018)	82nd term (April 1, 2018 to March 31, 2019)
Net Sales	847,252	833,604	794,201	859,982	859,482
Operating Income	86,591	62,287	68,529	86,254	76,633
Income before Income Taxes	87,388	65,686	65,492	83,367	75,432
Net Income Attributable to Shareholders	62,170	47,290	45,987	63,159	54,323
Basic Net Income Attributable to Shareholders per Share (JPY)	283.89	218.95	215.09	296.85	260.78
Total Assets	711,011	683,325	697,701	744,952	749,878
Shareholders' Equity	489,769	444,718	469,029	505,530	504,212
Shareholders' Equity per Share (JPY)	2,254.37	2,079.98	2,193.72	2,400.37	2,455.24
Return on Equity (%)	13.5	10.1	10.1	13.0	10.8

- Notes: 1. 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.
2. The consolidated statements of income for the fiscal years ended March 31, 2017 and March 31, 2018 have been reclassified for presentation purposes. For more details, see the "Notes to Consolidated Financial Statements" of the Consolidated Financial Statements posted on our website (<https://www.omron.com/>) in accordance with relevant laws, regulations and Article 17 of the Articles of Incorporation.

Non-Consolidated Financial Position and Operating Results

(JPY millions)

	78th term (April 1, 2014 to March 31, 2015)	79th term (April 1, 2015 to March 31, 2016)	80th term (April 1, 2016 to March 31, 2017)	81st term (April 1, 2017 to March 31, 2018)	82nd term (April 1, 2018 to March 31, 2019)
Net Sales	275,060	263,593	269,083	320,048	324,908
Ordinary Income	45,157	34,993	41,963	38,275	49,135
Net Income	31,697	32,659	29,652	30,458	45,017
Net Income per Share (JPY)	144.74	151.21	138.69	143.15	216.11
Total Assets	406,711	427,278	448,158	485,113	464,405
Net Assets	257,499	249,743	260,124	257,956	259,824
Net Assets per Share (JPY)	1,185.23	1,167.90	1,216.64	1,224.83	1,265.20

(6) Principal Subsidiaries

(As of March 31, 2019)

Division	Name	Capital (JPY millions)	Parent ownership (%)	Principal business
Industrial Automation Business	OMRON KANSAI-SEIGYO Corporation	310	100.0	Sale of industrial automation control equipment
Electronic and Mechanical Components Business	OMRON Relay & Devices Corporation	300	100.0	Electronic components for household appliances and communications devices
Automotive Electronic Components Business	OMRON Automotive Electronics Co., Ltd.	5,000	100.0	Automotive electronic components
Social Systems, Solutions and Service Business	OMRON Social Solutions Co., Ltd.	5,000	100.0	Social systems
Healthcare Business	OMRON Healthcare Co., Ltd.	5,021	100.0	Healthcare and medical devices
Headquarters and others	OMRON Management Center of America, Inc.	(Thousands of U.S. dollars) 6,891	100.0	Regional management of business in the Americas
Headquarters and others, and Industrial Automation Business	OMRON Europe B.V.	(Thousands of Euro) 16,883	100.0	Regional management of business, and supervision of industrial automation business in Europe
Headquarters and others	OMRON (China) Co., Ltd.	(Thousands of RMB) 1,468,771	100.0	Regional management of business in China
Headquarters and others, and Industrial Automation Business	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
Headquarters and others, and Industrial Automation Business	OMRON Electronics Korea Co., Ltd.	(Thousands of South Korean won) 950,000	100.0	Regional management of business and supervision of industrial automation business in South Korea

The OMRON Group consists of 150 consolidated subsidiaries and 20 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, 2019)

OMRON	Headquarters (Head Office)	Shimogyo-ku, Kyoto
	Tokyo Office (Branch Office)	Minato-ku, Tokyo
	Places of Business	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)
	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) OMRON ELECTRONICS KOREA CO., LTD. (Seoul, South Korea)

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

(As of March 31, 2019)

Number of employees	Change from March 31, 2018
35,090	Decrease of 1,103 employees

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

OMRON Group Employees by Region (Consolidated)

(As of March 31, 2019)

Japan	The Americas	Europe	Greater China	Southeast Asia and others	Total
11,365	4,186	2,448	10,533	6,558	35,090
32%	12%	7%	30%	19%	100%

Note: Major countries and regions belonging to categories other than Japan

- (1) The Americas the United States, Canada, Brazil, Mexico
- (2) Europe the Netherlands, the United Kingdom, Germany, France, Italy, Spain
- (3) Greater China China, Hong Kong, Taiwan
- (4) Southeast Asia and others Singapore, South Korea, India, Australia

(9) Major Lenders

There were no major lenders at the end of the fiscal year ended March 31, 2019.

(10) Other Significant Matters regarding the Current State of the OMRON Group

At a meeting held on April 16, 2019, the OMRON Board of Directors resolved to transfer the Automotive Electronic Components Business to the Nidec Corporation Group (the “Share Transfer”). A share transfer agreement (the “Transfer Agreement”) was executed on the same day as the Board of Directors meeting.

Through the Share Transfer, we can expect substantial synergy effects, such as development of value-added products by combining motors of Nidec and control technologies of OMRON Automotive Electronics Co., Ltd. (“OAE”), and function enhancement by mutually utilizing both companies’ customer bases and global manufacturing capacities.

OMRON will concentrate its management resources through portfolio management addressed in ROIC management, and achieve development of the Industrial Automation Business and Healthcare Business that it particularly emphasizes.

1. Transfer scope

The Transfer scope is as described below:

- (1) All shares of OAE and two consolidated subsidiaries other than OAE^(*1) (The nine OAE subsidiaries will also be transferred from our consolidated subsidiaries.)
- (2) Automotive Electronics Component Business of three consolidated subsidiaries^(*2) other than the above

2. Transfer price

The Transfer price is planned to be approximately JPY 100,000 million.

The Transfer price will be finalized at a future date based on terms and conditions prescribed under the Transfer Agreement thereof, including financial figures, etc. Accordingly, the figures stated above are subject to change.

3. Transfer date

The Share Transfer is scheduled to be completed by the end of October 2019; however, the Share Transfer must receive approval under the competition (antitrust) laws by the competition regulatory authorities in each country. Accordingly, the effective date of the Share Transfer has yet to be determined.

(*1) OMRON Automotive Electronics de Mexico S. de R.L. de C.V., and OMRON Componentes Automotivos Ltda.

(*2) OMRON Vietnam CO., LTD., PT. OMRON MANUFACTURING OF INDONESIA and OMRON Hong Kong Limited

2. Stock Information (As of March 31, 2019)

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

(2) Total Number of Shares Issued 213,958,172 shares
(including 7,829,925 shares of treasury stock)

(3) Number of Shareholders 41,489

(4) Major Shareholders (Top Ten Shareholders)

Shareholder	Number (thousands of shares)	Percentage Held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	26,820	13.01
Japan Trustee Services Bank, Ltd. (trust account)	13,412	6.50
State Street Bank & Trust Company 505223	10,022	4.86
The Bank of Kyoto, Ltd.	7,069	3.42
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,143	2.49
Japan Trustee Services Bank, Ltd. (trust account 5)	4,170	2.02
Japan Trustee Services Bank, Ltd. (trust account 7)	4,041	1.96
Nippon Life Insurance Company	3,640	1.76
Moxley and Co LLC	3,222	1.56
Trust & Custody Services Bank, Ltd. (securities investment trust account)	3,215	1.55

- Notes:
1. The percentage of shares is calculated excluding treasury stock.
 2. Although the Company holds 7,830 thousand shares of treasury stock (the ratio to a total of shares issued: 3.65%), it is excluded from the above list of major shareholders.
 3. On April 1, 2019, Mitsubishi UFJ Financial Group, Inc. filed an amendment to the major shareholding status report, which is open to public, stating that its four (4) group companies held 18,749 thousand shares of the Company (representing 8.76% of the total number of shares issued) as of March 25, 2019. However, OMRON has not been able to confirm the number of shares currently possessed by the company, and therefore these shares are not included in major shareholders stated above.
 4. On April 4, 2019, Sumitomo Mitsui Trust Bank, Limited filed an amendment to the major shareholding status report, which is open to public, stating that its two (2) group companies held 14,064 thousand shares of the Company (representing 6.57% of the total number of shares issued) as of March 29, 2019. However, OMRON has not been able to confirm the number of shares currently possessed by the company, and therefore these shares are not included in major shareholders stated above.
 5. On April 4, 2019, BlackRock Japan Co., Ltd. filed an amendment to the major shareholding status report, which is open to public, stating that its ten (10) group companies held 14,577 thousand shares of the Company (representing 6.81% of the total number of shares issued) as of March 29, 2019. However, OMRON has not been able to confirm the number of shares currently possessed by the company, and therefore these shares are not included in major shareholders stated above.
 6. On April 5, 2019, Nomura Securities Co., Ltd. filed an amendment to the major shareholding status report, which is open to public, stating that its three (3) group companies held 17,470 thousand shares of the Company (representing 8.17% of the total number of shares issued) as of March 29, 2019. However, OMRON has not been able to confirm the number of shares currently possessed by the company, and therefore these shares are not included in major shareholders stated above.
 7. On April 5, 2019, Mizuho Securities Co., Ltd. filed an amendment to the major shareholding status report, which is open to public, stating that its two (2) group companies held 10,149 thousand shares of the Company (representing 4.74% of the total number of shares issued) as of March 29, 2019. However, OMRON has not been able to confirm the number of shares currently possessed by the company, and therefore these shares are not included in major shareholders stated above.

(5) Breakdown of Shareholders by Type of Owner

Category	Financial Institutions	Securities Companies	Other Domestic Companies	Foreign Investors	Individuals and Others	Total
Percent of total (%)	42	3	6	33	16	100.00

Notes: 1. Shareholders who only own odd-lot (less than one trading unit) shares are excluded from the table.
2. 7,829,900 shares of treasury stock (trading unit) recorded in the shareholder register as of March 31, 2019 are included in the "Individuals and Others".

3. Stock Acquisition Rights of the Company

None applicable.

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, etc.
Chairman of the Board	Fumio Tateishi	Chairman of the Board of Directors Member of the CEO Selection Advisory Committee
Representative Director	Yoshihito Yamada	President and CEO
Representative Director	Kiichiro Miyata	Senior Managing Executive Officer CTO, Senior General Manager of Technology & Intellectual Property HQ and Senior General Manager of Innovation Exploring Initiative HQ Member of the Personnel Advisory Committee
Director	Koji Nitto	Senior Managing Executive Officer CFO and Senior General Manager of Global Strategy H.Q. Member of the Compensation Advisory Committee
Director	Satoshi Ando	Vice Chairman of the Personnel Advisory Committee Vice Chairman of the CEO Selection Advisory Committee Vice Chairman of the Compensation Advisory Committee
Director (Independent)	Eizo Kobayashi [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 Senior Representative for Business Community Relations of ITOCHU Corporation External Director of Japan Airlines Co., Ltd. Outside Director of Japan Exchange Group, Inc. Outside Director of Nippon Venture Capital Co., Ltd. Chairman of ITOCHU Foundation Chairman of Japan Foreign Trade Council, Inc. (retired from the position in May 2018)

Title	Name	Areas of Responsibility and Significant Concurrent Positions, etc.
Director (Independent)	Kuniko Nishikawa [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 President & CEO of Firststar Healthcare Co. Ltd. Chief Executive Officer of FRONTEO Healthcare, Inc. Audit & Supervisory Board Member of AIG Japan Holdings Kabushiki Kaisha Non-Executive Director and Member of the Regional Economy Vitalization Committee of Regional Economy Vitalization Corporation of Japan (retired from the position in June 2018)
Director (Independent)	Takehiro Kamigama [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 Mission Executive of TDK Corporation (retired from the position of Chairman & Representative Director in June 2018) Outside Director of Yamaha Motor Co., Ltd. External Director of SoftBank Corp.

Title	Name	Significant Concurrent Positions, etc.
Audit & Supervisory Board Member (Full-time)	Kiichiro Kondo	
Audit & Supervisory Board Member (Full-time)	Tokio Kawashima	
Audit & Supervisory Board Member (Independent)	Hideyo Uchiyama [Outside Officer] [Independent Officer]	Member of the Corporate Governance Committee Executive Advisor of ASAHI Tax Corporation Outside Audit & Supervisory Board Member of Sompo Holdings, Inc. Outside Director of Eisai Co., Ltd.
Audit & Supervisory Board Member (Independent)	Tadashi Kunihiro [Outside Officer] [Independent Officer]	Member of the Corporate Governance Committee Partner of T. Kunihiro & Co. Attorneys-at-Law Outside Audit & Supervisory Board Member of Mitsubishi Corporation Outside Director of LINE Corporation Outside Director of Tokio Marine & Nichido Fire Insurance Co., Ltd.

Notes: 1. For Directors (Independent) Eizo Kobayashi, Kuniko Nishikawa and Takehiro Kamigama, and Audit & Supervisory Board Members (Independent) Hideyo Uchiyama and Tadashi Kunihiro, the Company has provided notification as Independent Officers to Tokyo Stock Exchange Group, Inc. Details of “The Company’s policy regarding the independence of Outside Officers” are described on pages 13 to 14.

2. Mr. Eizo Kobayashi serves as Senior Representative for Business Community Relations 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 1.21% of the total number of shares issued.

3. Mr. Takehiro Kamigama serves as Mission Executive of TDK Corporation (“TDK”), 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 TDK Group. In addition, Mr. Kamigama concurrently serves as an Outside Director of Yamaha Motor Co., Ltd. (“Yamaha Motor”), 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 Yamaha Motor Group. Mr. Kamigama concurrently serves

as External Director of SoftBank Corp., with which the Group has a business relationship that includes operational consignment of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the SoftBank Group.

4. Mr. Hideyo Uchiyama serves as an Outside Audit & Supervisory Board Member of Sompo Holdings, Inc. (“Sompo Holdings”), with which the Group has a business relationship relating to insurance. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the Sompo Holdings Group.
5. Mr. Tadashi Kunihiro serves as an Outside Director of Tokio Marine & Nichido Fire Insurance Co., Ltd. (“Tokio Marine & Nichido Fire Insurance”), with which the Group has a business relationship relating to insurance. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the Tokio Marine & Nichido Fire Insurance Group.
6. There are no special relationships between the Company and significant concurrent employers of other Outside Officers.
7. Audit & Supervisory Board Member (Full-time) Kiichiro Kondo has work experience in financial institutions, and has considerable knowledge regarding finance and accounting.
8. Audit & Supervisory Board Member (Full-time) Tokio Kawashima has years of work experience in financial institutions, and has considerable knowledge regarding finance and accounting.
9. Mr. Hideyo Uchiyama has years of working experience as a certified public accountant in an auditing firm, and has considerable knowledge regarding finance and accounting.
10. Executive Officers as of April 1, 2019 are as follows.

Title	Name	Position
* President	Yoshihito Yamada	CEO
Executive Vice President	Yutaka Miyanaga	Company President of Industrial Automation Company
* Senior Managing Executive Officer	Kiichiro Miyata	CTO, Senior General Manager of Technology & Intellectual Property HQ, and Senior General Manager of Innovation Exploring Initiative HQ
* Senior Managing Executive Officer	Koji Nitto	CFO and Senior General Manager of Global Strategy HQ
Managing Executive Officer	Katsuhiro Wada	President and CEO of OMRON Automotive Electronics Co., Ltd.
Managing Executive Officer	Shizuto Yukumoto	Company President of Electronic and Mechanical Components Company, and Senior General Manager of Business Development HQ
Managing Executive Officer	Toshio Hosoi	President and CEO of OMRON Social Solutions Co., Ltd.
Managing Executive Officer	Isao Ogino	President and CEO of OMRON Healthcare Co., Ltd.
Managing Executive Officer	Nigel Blakeway	Chairman and CEO of OMRON Management Center of America, Inc., Chairman of OMRON Management Center of Europe, and Chairman of OMRON Management Center of Asia Pacific
Managing Executive Officer	Seigo Kinugawa	CEO of OMRON Europe B.V., Industrial Automation Company
Managing Executive Officer	Masahiko Tomita	Senior General Manager of Global Human Resources and Administration HQ
Managing Executive Officer	Junta Tsujinaga	Senior General Manager of Product Business Division HQ, Industrial Automation Company
Executive Officer	Goshi Oba	Chairman and President of OMRON INDUSTRIAL AUTOMATION (CHINA) CO., LTD
Executive Officer	Takayoshi Oue	Senior General Manager of Global Finance and Accounting HQ
Executive Officer	Takashi Kitagawa	Senior General Manager of Board of Directors Office
Executive Officer	Munenori Otake	Senior General Manager of Sales & Marketing Division HQ, Industrial Automation Company

Title	Name	Position
Executive Officer	Shuji Tamaki	Senior General Manager of Global Risk Management and Legal HQ
Executive Officer	Makoto Ota	President and CEO of OMRON Relay & Devices Corporation, and Senior General Manager of Production Division HQ, Electronic and Mechanical Components Company
Executive Officer	Tsutomu Igaki	Senior General Manager of Global Investor & Brand Communications HQ
Executive Officer	Jian Xu	China Manufacturing Innovation Project Executive of Global Manufacturing Innovation HQ, and President and CEO of SHANGHAI OMRON CONTROL COMPONENTS Co., Ltd.
Executive Officer	Kenji Eda	Senior General Manager of Global Manufacturing Innovation HQ
Executive Officer	Shinji Fukui	Senior General Manager of Technology Development Division HQ, Industrial Automation Company
Executive Officer	Masako Kubo	President and CEO of OMRON EXPERTLINK CO., LTD.
Executive Officer	Seiji Takeda	General Manager of Corporate Planning Department, Global Strategy HQ
Executive Officer	Taisuke Tateishi	Senior General Manager of Environmental Solutions Business HQ
Executive Officer	Katsuhiro Shikata	President and CEO of OMRON FIELD ENGINEERING CO., LTD.
Executive Officer	Virendra Shelar	President of OMRON Management Center of Asia Pacific, and General Manager of Global Human Resource Strategy Department, Global Human Resources and Administration HQ
Executive Officer	Masayuki Yamamoto	Senior General Manager of Strategy Planning Division HQ, Industrial Automation Company

Notes: Executive Officers marked with * concurrently serve as Director.

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

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

The Company has a Compensation Advisory Committee to increase objectivity and transparency with respect to the compensation of Directors. The Compensation Advisory Committee is composed of members the majority of whom are Directors (Independent), and is chaired by a Director (Independent). The Company determines the Compensation Policy for Directors by resolution of the Board of Directors based on discussions by and recommendations from the Compensation Advisory Committee.

The amount of compensation for each Director is determined by resolution of the Board of Directors, within the scope of the aggregate amount of compensation, etc. for Directors set by resolution of the General Meeting of Shareholders, in light of discussions by and recommendations from the Compensation Advisory Committee based on the above policy.

In addition, the amount of compensation for each Audit & Supervisory Board Member is determined by discussions among Audit & Supervisory Board Members, based on the Compensation Policy for Audit & Supervisory Board Members, which has been set forth through discussions among Audit & Supervisory Board Members, within the scope of the aggregate amount of compensation, etc. for Audit & Supervisory Board Members set by resolution of the General Meeting of Shareholders.

The Company's Compensation Policy for Directors, Overview of Compensation Structure for Directors and Compensation Policy for Audit & Supervisory Board Members are as described in the following pages.

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

(JPY millions)

Title	Number (Persons)	Base Salary	Short-term Performance-Linked Compensation (Bonuses)	Medium-to-long-term, Performance-Linked Compensation (Performance-linked and Share-based Incentive Plan)	Aggregate Compensation
Directors [Directors (Independent)]:	8 [3]	323 [41]	104 [—]	317 [—]	744 [41]
Audit & Supervisory Board Members [Audit & Supervisory Board Members (Independent)]:	4 [2]	86 [23]	— [—]	— [—]	86 [23]
Total [Outside Officers (Independent) included in total]:	12 [5]	409 [64]	104 [—]	317 [—]	830 [64]

- Notes: 1. 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 11 million per month by resolution of the 81st Ordinary General Meeting of Shareholders held on June 19, 2018.
2. The maximum limit of Directors' bonuses was set at JPY 600 million per year at the 81st Ordinary General Meeting of Shareholders held on June 19, 2018.
3. The 80th Ordinary General Meeting of Shareholders held on June 22, 2017 made a resolution to introduce a Performance-linked and Share-based Incentive Plan. Under the Plan, the maximum limit of money to be contributed by the Company is JPY 2.4 billion, and the maximum limit of the number of the Company's shares to be granted and delivered as sales proceeds ("grant(ing), etc.") is 600,000 shares during the four fiscal years of the medium-term management plan. Under the Performance-linked and Share-based Incentive Plan, the Company shall award points to Directors calculated according to a prescribed formula, and the trust shall grant, etc. the Company's shares corresponding to the points awarded during a certain period to the Directors. Expenses of the Performance-linked and Share-based Incentive Plan, as indicated above, are associated with the points granted during the fiscal year under review.
4. No Directors of the Company received any employee wages other than their compensation as Directors.

Compensation Policy for Directors

1) Basic policy

- The Company shall provide compensation sufficient to recruit as directors exceptional people who are capable of putting the OMRON Principles into practice.
- The compensation structure shall be sufficient to motivate directors to contribute to sustainable enhancement of corporate value.
- The compensation structure shall maintain a high level of transparency, fairness, and rationality to ensure accountability to shareholders and other stakeholders.

2) Structure of compensation

- Compensation for directors shall consist of a base salary, which is fixed compensation, and performance-linked compensation, which varies depending on the Company's performance.
- Compensation for outside directors shall consist of a base salary only, reflecting their roles and the need for maintaining independence.

3) Base salary

- The amount of a base salary shall be determined by taking into account the salary levels of other companies, as surveyed by a specialized outside organization.

4) Performance-linked compensation

- As short-term performance-linked compensation, the Company shall provide bonuses linked to yearly performance indicators, and to the degree of achievement of performance targets.
- As medium- to long-term performance-linked compensation, the Company shall grant stock compensation linked to the degree of achievement of the goals of the medium-term management plan, and to the improvement in corporate value (value of stock).
- The Company shall determine the target amounts for short-term performance-linked compensation and medium-to-long-term, performance-linked compensation based on the target pay mix specified according to each director's role and responsibility.

5) Governance of compensation

- All compensation for directors shall be determined by a resolution of the Board of Directors reflecting the deliberations and recommendations of the Compensation Advisory Committee.

Overview of Compensation Structure for Directors

(1) Compensation composition ratio

Compensation consists of a “base salary” (fixed compensation) and compensation according to Company performance, namely “short-term performance-linked compensation (bonuses)” and “medium-to-long-term, performance-linked compensation (Performance-linked and Share-based Incentive Plan).” The ratio of compensation consisting of performance-linked compensation compared to base salary has been determined for each role:

Base salary	:	Short-term performance-linked compensation (bonuses)	:	Medium-to-long-term, performance-linked compensation (Performance-linked and Share-based Incentive Plan)	= 1 : 1 : 1.5*
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*Referring to Representative Director, President and CEO
 *The ratio is based on the assumption that the performance targets are set as 100% for each performance-linked compensation

(2) Base salary

A base salary is paid to Directors as fixed compensation. Base salaries are determined for each role by taking into account the salary levels of officers at other companies (benchmarked companies of the same industry and scope selected by the Compensation Advisory Committee), as surveyed by a specialized outside organization.

(3) Short-term performance-linked compensation (bonuses)

Bonuses are paid to Directors excluding Directors (Independent) as short-term performance-linked compensation, which is linked to yearly performance indicators and the degree of achievement of performance targets. Director bonuses vary between 0% and 200% according to the achievement of operating income, net income, and ROIC targets defined in the annual operating plan.

Base amount for each position	×	Performance score (Operating income 50%, net income 50%)	×	ROIC score	=	Short-term performance-linked compensation (bonuses)
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(4) Medium-to-long-term, performance-linked compensation (Performance-linked and Share-based Incentive Plan)

Stock compensation is paid as medium-to-long-term, performance-linked compensation to Directors excluding Directors (Independent). Stock compensation comprises the performance-linked component (60%), which is linked to the degree of achievement of the medium-term management plan, and the non-performance-linked component (40%), which aims for retention and motivation to improve share prices over the medium- to long-term, and is paid under the condition of a certain term of service. Stock compensation for performance-linked component varies between 0% and 200%, according to achievement of net sales, EPS, and ROE targets based on the medium-term management plan, as well as sustainability evaluation* based on a third-party organization.

Base amount for each position	×	Performance score (Net sales 30%, EPS 70%)	×	ROE score	×	Sustainability evaluation	=	Stock compensation (performance-linked)
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As a rule, stock paid in stock-based compensation must be held by the individual during their term of service. In the event that an individual Director in question engages in serious misconduct during their term of service, and such misconduct harms the Company, the Compensation Advisory Committee will deliberate and make a recommendation. Based on this discussion and recommendation, the Board of Directors shall resolve to limit the payment of stock-based compensation.

* Sustainability evaluation
 An evaluation based on the Dow Jones Sustainability Indices (DJSI). The DJSI are a series of ESG Indices which include companies evaluated and selected based on long-term shareholder value perspective, reflecting economic, environmental, and social factors comprehensively.

Compensation Policy for Audit & Supervisory Board Members

1) Basic policy

- Compensation shall be sufficient to recruit exceptional people who are capable of performing the duties of Audit & Supervisory Board members entrusted by shareholders.
- The compensation structure shall maintain a high level of transparency, fairness, and rationality to ensure accountability to shareholders and other stakeholders.

2) Structure of compensation

- Compensation for Audit & Supervisory Board Members shall consist of a base salary only, reflecting their roles and the need for maintaining independence.

3) Base salary

- The amount of a base salary shall be determined by taking into account the salary levels of other companies, as surveyed by a specialized outside organization.

4) Governance of compensation

- All compensation for Audit & Supervisory Board Members shall be determined through discussions by Audit & Supervisory Board Members.

(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” (pages 36 to 37).

2) Main Activities in the Past Fiscal Year

	Name	Main Activities
Directors (Independent)	Eizo Kobayashi	Attended all 13 of the 13 Board of Directors meetings held during the period, and exercised oversight functions particularly in terms of the Company’s portfolio management (management resource allocation) and capital efficiency enhancement, drawing on his experience and insights gained through his experience as a corporate manager at a globally operating general trading company. He currently serves as Chairman of the Personnel Advisory Committee, CEO Selection Advisory Committee, Corporate Governance Committee, and Member of Compensation Advisory Committee.
	Kuniko Nishikawa	Attended all 13 of the 13 Board of Directors meetings held during the period, and exercised oversight functions particularly in terms of the Company’s talent utilization and information systems, drawing on her experience and insights gained through her experience as an entrepreneur who started her own business after serving as a corporate manager of a medical staffing company. She currently serves as Chairman of the Compensation Advisory Committee, Vice Chairman of the Corporate Governance Committee, Member of the Personnel Advisory Committee and CEO Selection Advisory Committee.
	Takehiro Kamigama	Attended all 13 of the 13 Board of Directors meetings held during the period, and exercise oversight functions particularly in terms of the Company’s technical management and product quality, drawing on his experience and insights gained through his experience as a corporate manager at a globally operating electronic components company. He currently serves as Member of the Personnel Advisory Committee, CEO Selection Advisory Committee, Compensation Advisory Committee and Corporate Governance Committee.

	Name	Main Activities
Audit & Supervisory Board Members (Independent)	Hideyo Uchiyama	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 particularly in terms of the Company's finance and accounting as necessary from an expert's perspective as a certified public accountant to ensure the legality and appropriateness of decision-making by the Board of Directors. In accordance with the audit policy and plan determined by the Audit & Supervisory Board, he held periodic view exchange with the President and CEO, periodic interviews of Directors and Executive Officers, periodic information exchange with the Accounting Auditor, and conducted on-site audits in the overseas subsidiaries. He currently serves as Member of the Corporate Governance Committee.
	Tadashi Kunihiro	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 particularly in terms of the Company's internal control and risk management as necessary from an expert perspective as a lawyer to ensure the legality and appropriateness of decision-making by the Board of Directors. In accordance with the audit policy and plan determined by the Audit & Supervisory Board, he held periodic view exchange with the President and CEO, periodic interviews of Directors and Executive Officers, and conducted on-site audits in the overseas subsidiaries. He also made an extensive range of statements regarding the Company's risk and crisis management from an expert perspective. He currently serves as Member of the Corporate Governance Committee.

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, 2019

1)	Total amount of compensation to be paid to the Accounting Auditor by the Company and its subsidiaries	JPY 263 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 263 million
3)	Of the total amount in 2), amount of compensation as Accounting Auditor to be paid by the Company	JPY 195 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., OMRON (China) Co., Ltd. and OMRON Electronics Korea 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.

Reasons for OMRON's Selection of its Current Corporate Governance System

The Company has chosen to adopt the organizational structure of a "Company with Audit & Supervisory Board."

The Board of Directors strives toward sustained improvements in the OMRON's Group corporate value by exercising oversight functions over the overall management through the election of Directors, Audit & Supervisory Board Members and Executive Officers; the determination of compensation for Directors and Executive Officers; and making important operational decisions.

The Audit & Supervisory Board and the Audit Supervisory Board Members work to secure the integrity of the OMRON Group and the sustained improvement of corporate value by conducting audits on legality and appropriateness of Directors' duties, and the fulfillment of the Board of Directors' oversight obligations. In addition, each Audit & Supervisory Board Member can exercise his/her authority on his/her own as a single-person organ in which the power of final decision-making is given to one person. This allows them to play a crucial role in strengthening internal controls.

Furthermore, to complement the oversight functions of the Board of Directors, four voluntary advisory committees are attached to the Board of Directors. The Personnel Advisory Committee, the CEO Selection Advisory Committee and the Compensation Advisory Committee are chaired by a Director (Independent), and the majority of each committee should be composed of Directors (Independent). The CEO Selection Advisory Committee, in particular, is dedicated to the deliberation and nomination of candidates for CEO, which is the top-priority matter in management oversight. In addition, the Corporate Governance Committee, established for the purpose of enhancing corporate governance, is also chaired by a Director (Independent), and exclusively comprises Directors (Independent) and Audit & Supervisory Board Members (Independent). Through these unique initiatives, the Company has established and adopted a system that enhances the transparency and objectivity of management's decision-making process.

By incorporating the best aspects of the corporate governance system of a so-called "Company with Committees (Nomination, etc.)" in this way, we have created the kind of hybrid corporate governance structure that we feel is most appropriate for OMRON as a Company with Audit & Supervisory Board.

OMRON Corporate Governance Policies

In accordance with this basic stance for Corporate Governance, the Company has set forth the corporate governance policies (the "Policies"). Since establishing the Management Personnel Advisory Committee in 1996, the Company has spent more than 20 years formalizing and strengthening its systems of corporate governance. The Company intends to continue its pursuit of ongoing improvement of corporate governance to achieve sustainable enhancement of corporate value.

Corporate Governance Initiatives (Reference)

	1999	2003	2011
President	1987: Yoshio Tateishi	2003: Hisao Sakuta	2011: Yoshihito Yamada
Chairman of the Board of Directors Meeting / CEO	President served as both		2003: Chairman serves as Chairman of the Board of Directors; President serves as CEO
Separation of management oversight and business execution	30 Directors	1999: Revised articles of incorporation, setting number of board members to 10 or fewer	2017: Eliminated board titles*
		1999: Adopted executive officer system	2017: Positioned president as an executive officer
Advisory Board	1999: Advisory Board		
Directors (Independent)		2001: One Director (Independent)	2003: Two Directors (Independent) (seven Directors) 2015: Three Directors (Independent) (eight Directors)
Audit & Supervisory Board Members (Independent)	1998: One member	1999: Two members	2003: Three members (four Auditors) 2011: Two members (four Auditors)
Advisory Committees	1996: Management Personnel Advisory Committee	2000: Personnel Advisory Committee	
		2003: Compensation Advisory Committee	
		2006: CEO Selection Advisory Committee	
		2008: Corporate Governance Committee	
Corporate Philosophy	1959: OMRON Corporate Motto	1990: OMRON Principles 1998: Revised	2006: Revised 2015: Revised
OMRON Corporate Governance Policies			2015: Established

* Not including Chairman of the Board

[Organizational Structure]

The OMRON Group has chosen to adopt the organizational structure of “Company with 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 Accounting 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 Directors (Independent).

- 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 a Director (Independent), and the majority of each committee should be composed of Directors (Independent).
- The Corporate Governance Committee, established for the purpose of enhancing corporate governance, is also to be chaired by Director (Independent), and comprises Directors (Independent) and independent Audit & Supervisory Board Members.
- The lead Director (Independent) assumes the position of chair of the Corporate Governance Committee.

[Chairman of the Board of Directors]

- To clarify the oversight function of Directors, the chairman of the Board without authority to represent the company will take on the position of chair of the Board of Directors Meeting.
- The chairman 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.

[Advisory Committees]

(1) The Personnel Advisory Committee

In accordance with the relevant rules, the Personnel Advisory Committee is intended to bolster the management oversight functions of the Board of Directors by enhancing transparency, objectivity and timeliness of decision-making process regarding nomination of candidates for Directors, Audit & Supervisory Board Members and Executive Officers.

- The Personnel Advisory Committee deliberates and sets criteria for the selection of Directors, Audit & Supervisory Board Members and Executive Officers.
- To swiftly respond to the need for global-scale growth and greater competitive strength, as well as significant changes in the business environment, the Personnel Advisory Committee shall work to provide diversity in the Board of Directors, Audit & Supervisory Board and among Executive Officers.
- The Personnel Advisory Committee receives reports from the chairman of the Board of Directors on results of interviews with each Director, in order to evaluate each Director.
- In response to consultation from the chairman of the Board of Directors (for Directors), who has been entrusted by the Audit & Supervisory Board (for its Members), and from the CEO (for Executive Officers), the Personnel Advisory Committee deliberates on personnel evaluation of such executives in accordance with the selection criteria established by the committee. Also considered is the degree of implementation of the OMRON Principles, achievement of performance targets, etc. Based on these, the Personnel Advisory Committee makes recommendations to the Board of Directors.
- Based on the committee's recommendations, the Board of Directors determines the proposition regarding the election of Directors to be resolved at the general shareholders meeting.
- Based on the committee's recommendations, the Board of Directors, with the consent of the Audit & Supervisory Board, determines the proposition regarding the election of Audit & Supervisory Board Members to be resolved at the general meeting of shareholders.
- The propositions regarding the election of Directors and Audit & Supervisory Board Members shall describe and explain brief personal records of the candidates (including current posts and duties at OMRON for candidates for Directors), reasons for nominating the candidates, and other important posts assumed by the candidates.

(2) The CEO Selection Advisory Committee

In accordance with the relevant rules, the CEO Selection Advisory Committee is intended to bolster the management oversight function of the Board of Directors by enhancing transparency, objectivity and timeliness of the decision-making process regarding nomination of candidates for CEO.

- The CEO Selection Advisory Committee evaluates performance of the President and CEO annually and appoints the President and CEO for the next fiscal year.
- In the case of reappointment, the CEO Selection Advisory Committee appoints the President and CEO for the next fiscal year based on the evaluation factoring in his/her performance, etc., and makes recommendations to the Board of Directors.

- In the case of replacement, the CEO Selection Advisory Committee appoints the President and CEO for the next fiscal year based on the CEO succession planning, etc., and makes recommendations to the Board of Directors.
- The CEO Selection Advisory Committee annually deliberates about CEO succession planning and contingent succession planning to take over the position in emergency situations and makes recommendations to the Board of Directors.
- Based on the CEO Selection Advisory Committee's recommendations, the Board of Directors determines the candidate and sets a proposal to be resolved at the general meeting of shareholders.

(3) The Compensation Advisory Committee

In accordance with the relevant rules, the Compensation Advisory Committee is intended to bolster the management oversight function of the Board of Directors by increasing transparency and objectivity in determining compensation amounts for each Director and Executive Officer.

- The Compensation Advisory Committee discusses the Compensation Policy for Directors and makes recommendations to the Board of Directors. Based on these, the Board of Directors determines the Compensation Policy for Directors.
- The Compensation Advisory Committee deliberates on the Compensation Policy for Executive Officers.
- In response to consultation from the chairman of the Board of Directors (for Directors), and from the CEO (for Executive Officers), and based on the above-mentioned policies, the Compensation Advisory Committee deliberates on compensation for Directors and Executive Officers.
- Compensation for Directors based on the above-mentioned deliberation is as follows:
 - Compensation for Directors shall consist of a base salary, which is fixed compensation, and performance-linked compensation, which varies depending on performance.
 - Compensation for Directors (Independent) shall consist of a base salary only, reflecting their roles and the need for maintaining independence.
 - The amount of a base salary shall be determined by taking into account the salary levels of other companies, as surveyed by a specialized outside organization.
 - Performance-linked compensation comprises short-term performance-linked compensation and medium-to-long-term, performance-linked compensation. As short-term performance-linked compensation, the Company shall provide bonuses linked to yearly performance indicators, and to the degree of achievement of performance targets. As medium- to long-term performance-linked compensation, the Company shall grant stock compensation linked to the degree of achievement of the goals of the medium-term management plan, and to the improvement in corporate value (value of stock).
 - The Company shall determine the basic amount of short-term performance-linked compensation and medium-to-long-term, performance-linked compensation based on the compensation composition ratio set forth according to roles and responsibilities.
- Based on the Compensation Advisory Committee's recommendations, the Board of Directors determines the amounts of compensation for individual Directors within the scope of the sum of compensation amounts for all Directors set by resolution of the general meeting of shareholders.

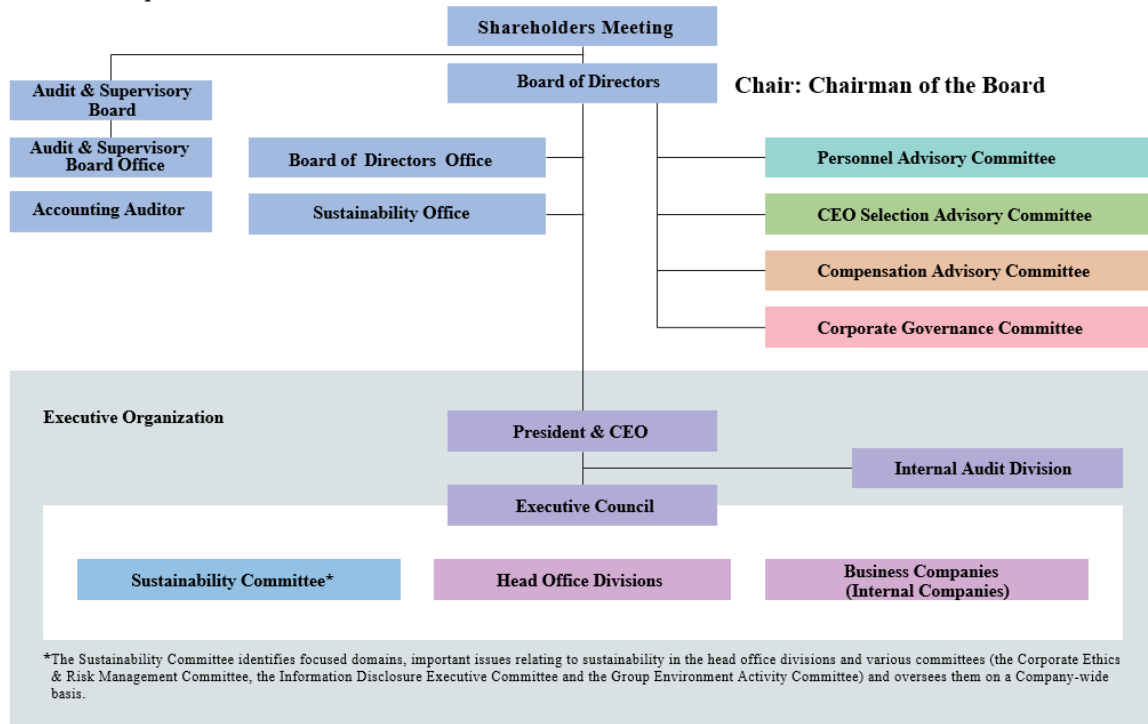
(4) Corporate Governance Committee

In accordance with the relevant rules, the Corporate Governance Committee is intended to enhance the transparency and fairness of management practices from the standpoint of all stakeholders and continuously take steps to enhance corporate governance.

- The Corporate Governance Committee evaluates the composition, operation, and effectiveness of the Board of Directors, and reports the results of evaluation to the Board of Directors.
- The Corporate Governance Committee draws up "Independence Requirements for Outside Directors and Audit & Supervisory Board Members (Independent)" and makes recommendations to the Board of Directors.
- Regarding corporate governance-related matters other than the above, the Corporate Governance Committee, in response to consultation from the Board of Directors or the chairman of the Board of Directors, makes recommendations to the Board.

For the entire text of the OMRON Corporate Governance Policies, please refer to the website below.
<https://www.omron.com/about/corporate/governance/policy/>

Omron's Corporate Governance Structure



The following four committees are attached to the Board of Directors for transparency and objectivity of management decisions. Directors (Independent) chair these committees, and the President and CEO does not belong to them as a Member. Details of Advisory Committees are described on pages 50 to 51.

【The Personnel Advisory Committee】

A committee to set criteria and policies relating to the selection of Directors, Audit & Supervisory Board Members and Executive Officers. The committee also deliberates about candidates.

【The CEO Selection Advisory Committee】

A committee that specializes in selection of the President and appoints a candidate for the President and CEO for the next fiscal year, and deliberates about CEO succession planning and contingent succession planning 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 in Fiscal 2018

Title	Name	Personnel Advisory Committee	CEO Selection Advisory Committee	Compensation Advisory Committee	Corporate Governance Committee
Chairman of the Board	Fumio Tateishi		□		
Representative Director	Yoshihito Yamada				
Representative Director	Kiichiro Miyata	□			
Director	Koji Nitto			□	
Director	Satoshi Ando	○	○	○	
Director (Independent)	Eizo Kobayashi ★	◎	◎	□	◎
Director (Independent)	Kuniko Nishikawa ★	□	□	◎	○
Director (Independent)	Takehiro Kamigama ★	□	□	□	□
Audit & Supervisory Board Member (Full-time)	Kiichiro Kondo				
Audit & Supervisory Board Member (Full-time)	Tokio Kawashima				
Audit & Supervisory Board Member (Independent)	Hideyo Uchiyama ★				□
Audit & Supervisory Board Member (Independent)	Tadashi Kunihiro ★				□

Notes:◎ Chairperson ○ Vice-Chairperson □ Committee Member ★ Independent Officer

Status of initiatives towards improving the Board of Directors' effectiveness

1. Overview of initiatives towards improving the Board of Directors' effectiveness

The Company works to improve the Board's effectiveness to realize the sustained enhancement of corporate value. Such initiatives are undertaken in a cycle of (1) evaluation of the Board's effectiveness and (2) determination and implementation of the policy for the operation of the Board of Directors based on (1).

(1) Evaluation of the Board's effectiveness

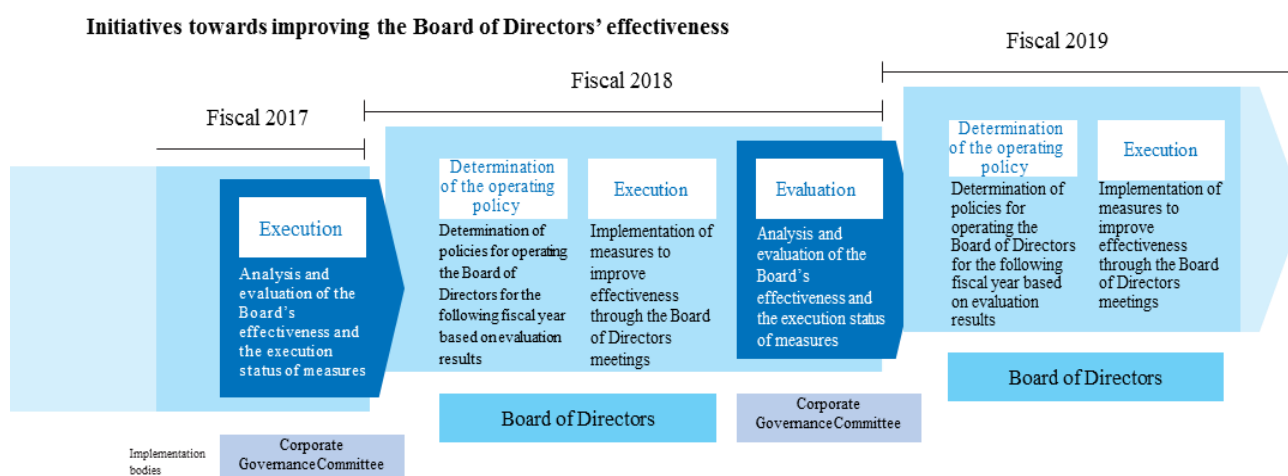
Evaluation of the Board's effectiveness is conducted by the Corporate Governance Committee chaired by a Director (Independent) and comprising Directors (Independent) and Audit & Supervisory Board Members (Independent). Methods of evaluation are as described below:

- 1) Directors and Audit & Supervisory Board Members conduct self-evaluation by completing an anonymous self-evaluation questionnaire.
- 2) Individual interviews to Directors and Audit & Supervisory Board Members are also conducted by Chairman of the Board of Directors, who asks about improving the effectiveness of the Board.
- 3) The Corporate Governance Committee analyzes the results of the self-evaluations in 1) and the interviews by the Chairman of the Board of Directors in 2) and conducts evaluation of the Board's effectiveness.

(2) Determination and implementation of the policy for the operation of the Board

Based on the evaluation results by the Corporate Governance Committee in (1), the Board of Directors formulates and determines the policy for the operation of the Board of Directors for the next fiscal year and operates the Board of Directors based on the policy.

The Company continues to improve the Board's effectiveness by implementing the above (1) and (2) on a yearly basis.



2. Overview of the results of evaluation of the Board of Directors' effectiveness for fiscal 2018

(1) Policy for the operation of the Board of Directors for fiscal 2018

The Board of Directors shall demonstrate its oversight function to ensure the achievement of the medium-term management plan "VG2.0," based on the results of evaluation of the Board's effectiveness for fiscal 2017, with emphasis on the following three areas.

- **Strategies regarding information systems and quality in the medium-term management strategies**
- **Ongoing initiatives for human resources strategies and technical strategies**
- **Initiatives to address material sustainability issues (materiality)**

(2) Results of evaluation of the Board's effectiveness for fiscal 2018

Based on the favorable results of self-evaluations by Directors and Audit & Supervisory Board Members and interviews conducted by Chairman of the Board of Directors in terms of evaluation of theme selection, the details of discussions, the status of operation and other matters, the Corporate Governance Committee confirmed that the Board of Directors is sustainably improving the effectiveness of the Board of Directors for sustained enhancement in corporate value and demonstrating its oversight function.

The Corporate Governance Committee evaluated each theme in the policy for the operation of the Board of Directors as follows.

As for strategies regarding information systems and quality in medium-term management strategies selected as a theme for the first time in the fiscal year under review, consensus on the future direction was fostered after the Board of Directors understood the current situation and received useful suggestions from Directors (Independent) and Audit & Supervisory Board Members (Independent) based on their experience and insights. Regarding human resources strategies and technical strategies, which are ongoing themes from fiscal 2017, the Board of Directors held in-depth discussions through multifaceted question and answer sessions with the understanding that executive organization advances strategy-based initiatives and steadily facilitates their progress and penetration. Regarding initiatives to address material sustainability issues (materiality), an ongoing theme in the third year, the Board of Directors confirmed that such initiatives and engagement activities evolve together and the system to promote the initiatives is functioning properly.

The Corporate Governance Committee recognized that themes raised as the policy for the operation of the Board of Directors for fiscal 2018 were organically associated with the keywords "human resources" and "technology," through discussions about such themes from the standpoint of enhancing medium- to long-term corporate value at the Board of Directors meetings.

In addition, Directors and Audit & Supervisory Board Members actively make comments at the Board of Directors meetings. In particular, Directors (Independent) and Audit & Supervisory Board Members (Independent) make comments and proposals based on their experience and insights. Executive organization takes the opinions and proposals of the Board of Directors seriously and leverages them to further strengthen strategies and initiatives.

<Overview of discussions of each theme>

Strategies regarding information systems

Recognized the issues of the current IT systems and discussed a direction of a company-wide IT system with an eye to next long-term vision, assuming that technological innovation mainly through AI will transform business systems drastically.

Strategies regarding quality

Recognized the issues of the current Quality Management System (QMS), and discussed a direction of improvement for the ideal QMS and the policy for human resource development that is the key to improvement.

Human resources strategies

Confirmed the whole picture of human resources strategies and progress of the main themes, and discussed a theme of future strategies (initiatives mainly to develop human resources for leadership role in charge of management, diverse human resources and self-dependent human resources).

Technical strategies

Discussed strategies for value creation and technology creation to achieve management of technology, and initiatives to identify and develop transformative human resources to support such strategies.

Initiatives to address material sustainability issues (materiality)

Confirmed the progress of initiatives to achieve targets for material sustainability issues, and also discussed target-setting and initiatives to solve new social issues.

(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 Management Policies and the OMRON Group Rules have been established to ensure transparency, fairness and the global nature of management in the OMRON Group, as well as serve as the management base for conducting appropriate and timely decision-making.
- (2) The key theme of "socially responsible corporate management" is promoting corporate ethics and compliance whereby the Company complies with laws and regulations in carrying out business activities. In particular, the Company has devoted every effort to prevent anti-competitive activities such as cartel, bribery, and other significant risks from occurring.
- (3) The Company has familiarized its officers and employees with the OMRON Group Rules for Ethical Conduct as specific action guidelines for practicing "socially responsible corporate management" and enforces strict compliance.
- (4) The Company appoints an executive in charge of corporate ethics and compliance and establishes the Corporate Ethics & Risk Management Committee as an organization to promote corporate ethics and compliance. As specific activities, the President himself issues instructions on corporate ethics and compliance, providing opportunities to disseminate awareness. In addition, the Committee conducts regular training and education for officers and employees on anti-competitive activities such as cartel and bribery as well as on corporate ethics and compliance.
- (5) 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 Rules for Ethical Conduct, work rules or laws. In accordance with laws and internal company rules, the content of these reports is protected as confidential, and employees may not be given unfavorable treatment for making such reports.
- (6) With the aim of realizing highly transparent management, 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.
- (7) The Company has set up an internal control department directly under the President to conduct operational audits.
- (8) To ensure the propriety of the OMRON Group's financial reporting, a system has been established that enables reports to be submitted appropriately in accordance with laws and regulations through measures such as monitoring by Internal Audit Divisions after each division conducts its own review of maintenance and operation of business processes.
- (9) The OMRON Group's policy on exclusion of antisocial forces is defined in the OMRON Group Management Policies and the OMRON Group Rules for Ethical Conduct.

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 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.

The OMRON Group further reinforced its capabilities to respond to change through a department directly under the President to oversee compliance and risk management, and by further promoting and enforcing such kind of responses.

(1) Compliance

The OMRON Group familiarized its officers and employees with the Group's action guidelines, and conducted the necessary trainings. In addition, 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 have been implemented including sending messages from the President to the officers and employees in Japan and overseas, conducting workplace seminars on corporate ethics and compliance, and distributing corporate ethics cards. Whistle-blower hotlines have been established and are in operation at the major bases in Japan and overseas. 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.

During the fiscal year under review, the OMRON Group developed education programs on governance. The Group arranged trainings for Officers of the Group companies to make them reaffirm their knowledge and awareness as a member that is "running fair and transparent management practices." In addition, the Group has disseminated information on prevention of cartel activities and the whistleblower hotline system to the Officers and employees of the Group as a key theme of OMRON's compliance education. Furthermore, the Group has strived to strengthen its compliance structure by initiating the optimization of the Group-wide activities such as audit tasks.

(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. In addition, the OMRON Group systematically promoted its risk management initiatives by selecting a division to oversee the implementation of risk countermeasures and confirming the progress made on such measures with the Corporate Ethics & Risk Management Committee on a quarterly basis. 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.

During the fiscal year under review, the Group posted its risk map, a comprehensive summary of various risks, on its integrated report and website, and strived for risk disclosure intelligible to stakeholders. As some of the key measures against possible risks, the Group established a system to respond globally to the personal information protection regulations, expanded measures against cyber attacks, collected information on increasing geopolitical risks, and prepared for measures to minimize the potential impacts arising from such risks. In addition, the Group conducted trainings to enable prompt and appropriate decision-making in the event of crisis to strengthen risk-response capabilities.

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 improved the promptness of decision-making procedures by continuously incorporating IT systems into the decision-making processes in Japan and overseas, from the previous fiscal year.

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 Auditor, 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 period under review, the Audit & Supervisory Board shared information and arranged with the Accounting Auditor and Internal Audit Division regarding the audit policy, audit schedule, and selection of entities or units to be audited, to improve the auditing effectiveness by eliminating operational redundancy.

(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. The Company applies the following basic policy regarding distribution of profits including shareholder returns.

- 1) In aiming toward the sustained improvements in corporate value, the Company prioritizes investments in R&D, capital investments and M&As, which are vital to OMRON's future growth, and ongoing efforts are made to enhance shareholder returns by securing the necessary internal reserves for these investments and taking capital efficiency into account.
- 2) For dividends in each fiscal year, OMRON's policy is to enhance stable and uninterrupted profit distributions based on consolidated results, the payout ratio, and indicators including dividends on equity (DOE), which is return on equity (ROE) multiplied by the payout ratio. Specifically, during the period covered by the medium-term management plan for fiscal 2017 to fiscal 2020 ("VG2.0"), the Company will pay dividends based on a payout ratio of approximately 30% and a DOE of approximately 3% as a guide.
- 3) 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 website below.

<https://www.omron.com/about/corporate/governance/policy/>

Consolidated Financial Statements

Consolidated Balance Sheets

(JPY millions)

Item	82nd term (As of March 31, 2019)	(Reference) 81st term (As of March 31, 2018)	Item	82nd term (As of March 31, 2019)	(Reference) 81st term (As of March 31, 2018)
ASSETS			LIABILITIES		
Current Assets:	428,665	437,385	Current Liabilities:	171,472	182,778
Cash and cash equivalents	110,250	113,023	Notes and accounts payable — trade	89,235	93,792
Notes and accounts receivable — trade	171,196	174,065	Accrued expenses	41,549	44,291
Allowance for doubtful receivables	(945)	(1,117)	Income taxes payable	3,511	6,414
Inventories	130,083	129,581	Other current liabilities	37,177	38,281
Other current assets	18,081	21,833	Deferred Income Taxes	1,338	706
Property, Plant and Equipment:	142,712	135,103	Termination and Retirement Benefits	58,332	42,342
Land	24,675	24,886	Other Long-Term Liabilities	12,425	11,740
Buildings	136,439	145,389			
Machinery and equipment	207,991	205,233			
Construction in progress	15,822	10,063	Total Liabilities	243,567	237,566
Accumulated depreciation	(242,215)	(250,468)	NET ASSETS		
Investments and Other Assets:	178,501	172,464	Shareholders' Equity:	504,212	505,530
Goodwill	40,532	38,705	Common stock	64,100	64,100
Investments in and advances to affiliates	26,023	27,195	Capital surplus	100,233	99,588
Investment securities	29,003	29,016	Legal reserve	21,826	19,940
Leasehold deposits	7,730	7,531	Retained earnings	433,639	390,950
Deferred income taxes	43,695	39,947	Accumulated other comprehensive income (loss):	(70,200)	(49,359)
Other assets	31,518	30,070	Foreign currency translation adjustments	(7,687)	(3,176)
			Pension liability adjustments	(62,648)	(53,785)
			Unrealized gains on available- for-sale securities	—	7,426
			Net gains (losses) on derivative instruments	135	176
			Treasury stock, at cost	(45,386)	(19,689)
			Noncontrolling Interests	2,099	1,856
Total Assets	749,878	744,952	Total Net Assets	506,311	507,386
			Total Liabilities and Net Assets	749,878	744,952

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

Consolidated Statements of Income

(JPY millions)

Item	82nd term (April 1, 2018 to March 31, 2019)	(Reference) 81st term (April 1, 2017 to March 31, 2018)
Net sales	859,482	859,982
Cost of sales	505,389	502,170
Gross profit	354,093	357,812
Selling, general and administrative expenses	219,683	212,481
Research and development expenses	57,777	59,077
Other expenses, net	1,201	2,887
Income before income taxes and equity in loss (earnings) of affiliates	75,432	83,367
Income taxes	18,863	21,615
Current	19,246	24,222
Deferred	(383)	(2,607)
Equity in loss (earnings) of affiliates	1,578	(1,754)
Net income	54,991	63,506
Net income attributable to noncontrolling interests	668	347
Net income attributable to shareholders	54,323	63,159

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

2. The consolidated statements of income for the fiscal year ended March 31, 2018 have been reclassified for presentation purposes. For more details, see the “Notes Related to Changes in Accounting Policy” of the “Notes to Consolidated Financial Statements.”

(Reference)

Consolidated Statements of Comprehensive Income

(JPY millions)

	82nd term (April 1, 2018 to March 31, 2019)	81st term (April 1, 2017 to March 31, 2018)
Net income	54,991	63,506
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	(4,528)	3,153
Pension liability adjustments	(8,863)	2,786
Unrealized gains (losses) on available-for-sale securities	— (41)	1,661 406
Net gains (losses) on derivative instruments	(13,432)	8,006
Other comprehensive income (loss)		
Comprehensive income	41,559	71,512
(Breakdown)		
Comprehensive income attributable to noncontrolling interests	651	349
Comprehensive income attributable to shareholders	40,908	71,163

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 80th term (March 31, 2017)	64,100	99,138	17,813	346,000	(57,363)	(659)	469,029	1,728	470,757
Net income				63,159			63,159	347	63,506
Cash dividends paid to OMRON Corporation shareholders				(16,083)			(16,083)		(16,083)
Cash dividends paid to noncontrolling interests							—	(215)	(215)
Equity transactions with noncontrolling interests and other		6		1			7	(6)	1
Stock-based compensation		444					444		444
Transfer to legal reserve			2,127	(2,127)			—		—
Foreign currency translation adjustments					3,151		3,151	2	3,153
Pension liability adjustments					2,786		2,786		2,786
Unrealized gains (losses) on available-for-sale securities					1,661		1,661		1,661
Net gains (losses) on derivative instruments					406		406		406
Acquisition of treasury stock						(19,030)	(19,030)		(19,030)
Balance, end of the 81st term (March 31, 2018)	64,100	99,588	19,940	390,950	(49,359)	(19,689)	505,530	1,856	507,386
Cumulative impact of the application of FASB Accounting Standards Update 2016-01 and 2018-03				7,650	(7,426)		224		224
Restated balance, beginning of the 82nd term (April 1, 2018) after application of FASB Accounting Standards Update 2016-01 and 2018-03	64,100	99,588	19,940	398,600	(56,785)	(19,689)	505,754	1,856	507,610
Net income				54,323			54,323	668	54,991
Cash dividends paid to OMRON Corporation shareholders				(17,398)			(17,398)		(17,398)
Cash dividends paid to noncontrolling interests							—	(343)	(343)
Decrease in noncontrolling interests due to a decrease in the number of consolidated subsidiaries							—	(65)	(65)
Stock-based compensation		645					645		645
Transfer to legal reserve			1,886	(1,886)			—		—
Foreign currency translation adjustments					(4,511)		(4,511)	(17)	(4,528)
Pension liability adjustments					(8,863)		(8,863)		(8,863)
Net gains (losses) on derivative instruments					(41)		(41)		(41)
Acquisition of treasury stock and others						(25,697)	(25,697)		(25,697)
Balance, end of the 82nd term (March 31, 2019)	64,100	100,233	21,826	433,639	(70,200)	(45,386)	504,212	2,099	506,311

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

(Reference)

Consolidated Statements of Cash Flows

(JPY millions)

Item	82nd term (April 1, 2018 to March 31, 2019)	81st term (April 1, 2017 to March 31, 2018)
I Operating Activities:		
1. Net income	54,991	63,506
2. Adjustments to reconcile net income to net cash provided by operating activities:		
(1) Depreciation and amortization	30,459	29,465
(2) Net loss (gain) on sales and disposals of property, plant, and equipment	(1,098)	949
(3) Loss on impairment of long-lived assets	196	911
(4) Net loss on valuation of investment securities	563	—
(5) Termination and retirement benefits	3,818	2,706
(6) Deferred income taxes	(383)	(2,607)
(7) Equity in loss (earnings) of affiliates	1,578	(1,754)
(8) Gain (Loss) on sale of business	(407)	14
(9) Changes in assets and liabilities	(19,346)	(16,954)
(10) Other, net	874	(2,563)
Total adjustments	16,254	10,167
Net cash provided by operating activities	71,245	73,673
II Investing Activities:		
1. Proceeds from sales of investment securities	465	3,776
2. Purchase of investment securities	(602)	(649)
3. Capital expenditures	(39,045)	(38,542)
4. Increase in leasehold deposits, net	(193)	(634)
5. Proceeds from sale of property, plant and equipment	3,475	990
6. Decrease in investment in and loans to affiliates	(498)	—
7. Proceeds from sale of business, net of cash paid	1,817	(427)
8. Acquisition of business, net of cash acquired	(830)	(20,445)
9. Other, net	454	89
Net cash used in investing activities	(34,957)	(55,842)
III Financing Activities:		
1. Net repayments of short-term debt	2,109	951
2. Dividends paid by the Company	(16,776)	(15,378)
3. Dividends paid to noncontrolling interests	(343)	(215)
4. Acquisition of treasury stock	(25,716)	(18,530)
5. Other, net	(57)	90
Net cash used in financing activities	(40,783)	(33,082)
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,722	2,248
Net Increase in Cash and Cash Equivalents	(2,773)	(13,003)
Cash and Cash Equivalents at Beginning of the Year	113,023	126,026
Cash and Cash Equivalents at End of the Year	110,250	113,023

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 150 subsidiaries.

2. Application of Equity Method

Investments in the Company's 20 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. Revenue

With respect to revenue from contracts with customers, the Company adopts Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, "Revenue from Contracts with Customers" and thus recognizes such revenue at the time when or over time as the control of goods and services is transferred to customers.

With respect to Social Systems, Solutions and Service Business (hereinafter the "SSB") and businesses other than environmental business included in other segments, performance obligations largely for the sales transactions within a same country are deemed to be satisfied at the time when products reach the customer unless otherwise specified under contracts, and performance obligations for export sales are deemed to be satisfied at the time when borne risks specified under the terms and conditions of exports including Intercoms is transferred to customers. Accordingly, revenues are recognized at the time when the performance obligation is satisfied.

The SSB and environmental business included in other segments involves certain sales in which the performance obligations are deemed to be satisfied largely at the time when inspection is performed by customers.

In some transactions, revenues are recognized over time as performance obligations are satisfied over time because maintenance service is provided on a long-term basis.

5. 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.

6. Valuation standards and methods for securities

The Company applies FASB ASC Topic 321, "Investment – Equity Securities"

Marketable equity securities held by the Company and its subsidiaries are measured at fair value reflecting unrealized gains or losses, while unrealized gains or losses are presented in "Gain on valuation of investment securities" or "Loss on valuation of investment securities."

Non-marketable equity securities without readily determinable fair value held by the Company and its subsidiaries are assessed by using the method, in which book value after impairment-based downward revaluation is adjusted by addition or subtraction of observable price fluctuations in the orderly transactions of an identical or similar investment made by the same issuer, or other reasonable method, where unrealized gains or losses are presented in "Gain on valuation of investment securities" or "Loss on valuation of investment securities." Selling price is determined by using the moving-average method.

7. Methods of depreciating property, plant and equipment

Property, plant and equipment is principally depreciated on a declining-balance method.

8. Goodwill and other intangible fixed assets

Goodwill and other intangible fixed assets are depreciated on a straight-line method. (However, in accordance with FASB ASC Topic 350, "Intangibles—Goodwill and Other," goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually, instead of amortization.)

9. 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 Topic 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).

10. Accounting Treatment of Consumption Taxes

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

11. Stock-based Compensation

For accounting for stock-based compensation, FASB ASC Topic 718, "Compensation-Stock Compensation" has been adopted. Stock-based compensation expenses are measured at fair value of the grant date and are recognized over the vesting period.

Notes Related to Changes in Accounting Policy

Beginning with the current consolidated fiscal year, OMRON has adopted FASB Accounting Standards Update 2014-09, Revenue from Contracts with Customers. This accounting standards update requires OMRON to provide quantitative and qualitative disclosures for a better understanding of revenues, as well as the nature of amount, timing, and uncertainties of cash flows, arising from contracts with customers. The cumulative impact of the adoption of this accounting standards update on retained earnings at the beginning of the period is not significant.

Beginning with the current consolidated fiscal year, OMRON has adopted FASB Accounting Standards Update 2016-01, Financial Instruments — Recognition and Measurement of Financial Assets and Financial Liabilities and FASB Accounting Standards Update 2018-03, Financial Instruments — Recognition and Measurement of Financial Assets and Financial Liabilities Technical Corrections and Improvements to Financial Instruments. This accounting standards update requires OMRON to present classifications and measurements of equity investments, as well as changes in the fair value of certain financial liabilities measured at fair value. Further, this accounting standards update requires OMRON to revise presentation related to the fair values of certain financial instruments. As a result of the impact of the application of this accounting standards update on available-for-sale securities held by OMRON and OMRON subsidiaries, we have adjusted the cumulative impact on retained earnings as of the beginning of the period in the amount of JPY 7,426 million in unrealized profits after tax-effect accounting. This amount was reported under accumulated other comprehensive income before this adjustment. Further, OMRON has made an adjustment of JPY 224 million in cumulative impact on retained earnings for non-marketable equity securities.

Beginning with the current consolidated fiscal year, OMRON has adopted FASB Accounting Standards Update 2017-07, Compensation—Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. This accounting standards update requires OMRON to categorize periodic pension costs and periodic postretirement benefit costs as service cost and components other than service cost. Service cost must be reported in the same statement of operations line item as other employee compensation costs. Components other than service cost must be categorized and presented separately from service cost. Only service cost from periodic pension costs or periodic postretirement benefit costs may be capitalized and reported under inventory. Under this accounting standards update, presentation of service costs and other elements must be applied on a retrospective basis. Only costs allowed to be capitalized for the service cost component may be applied on a prospective basis. OMRON began applying this standard in the current consolidated fiscal year. The application of this accounting standards update

classifying and presenting service cost and other service cost components resulted in the reclassification of JPY 127 million in cost of sales, JPY 160 million in selling, general and administrative expenses, and JPY 57 million in research and development expenses to Other expenses, net on the consolidated statement of operations for the prior consolidated fiscal year. Gross profit for the prior consolidated fiscal year increased JPY 127 million when compared to amounts prior to this reclassification. The application of rules that allow only the service cost component to be eligible for capitalization does not have a significant impact on the operating results or financial condition of OMRON or OMRON subsidiaries.

Notes Related to Consolidated Balance Sheets

Pledged assets

Assets pledged as collateral

Investment securities

Total

JPY 200 million

JPY 200 million

Notes Related to Consolidated Statements of Income

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

Foreign exchange loss, net	JPY 2,933 million
Net loss on sales and disposals of property, plant, and equipment	JPY (1,098) million
Loss on disaster	JPY 2,478 million
Insurance income	JPY (2,535) million
Net loss on valuation of investment securities	JPY 563 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, foreign currency options 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, 2019 (82nd consolidated account settlement date), fair value and differences are as follows.

(JPY millions)

	Balance Sheet Amount (*)	Fair Value (*)	Difference
(1) Investment securities			
Marketable securities	20,403	20,403	—
Non-marketable securities	6,774	6,774	—
(2) Derivatives			
Other current assets	769	769	—
Other current liabilities	(1,897)	(1,897)	—

(*) 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

Fair value of marketable equity securities is measured at market value, while non-marketable equity securities without readily determinable fair value are measured by using the method, in which book value after impairment-based downward revaluation is adjusted by addition or subtraction of observable price fluctuations in the orderly transactions of an identical or similar investment made by the same issuer, or other reasonable method.

(3) Derivatives

Estimated using dealer transaction prices or valuation models.

2. The fair value of unlisted securities (JPY 1,826 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 260.78
2. Net income attributable to shareholders per share, diluted	JPY —
3. Shareholders' equity per share	JPY 2,455.24

- Notes: 1. Net income attributable to shareholders per share, diluted is not stated due to the absence of potential equity with a dilutive effect.
2. During the fiscal year ended March 31, 2019, OMRON stock held for Board Incentive Plan and Employee Stock Ownership Plan purposes is included in treasury stock deducted in the calculation of per share data.

Subsequent Events

1. Execution of a share transfer agreement

At a meeting held on April 16, 2019, the OMRON Board of Directors resolved to transfer the Automotive Electronic Components Business (“AEC”) operating segment (consolidated subsidiary OMRON Automotive Electronics Co., Ltd. (“OAE”))*1, two consolidated subsidiaries including special subsidiary company OMRON Automotive Electronics de Mexico S. de R.L. de C.V., and three consolidated Automotive Electronics Component Business subsidiaries to the Nidec Corporation Group for the amount of JPY 100.0 billion*2 (the “Transaction”). A share transfer agreement (the “Transfer Agreement”) was executed on the same day as the Board of Directors meeting.

This transaction is scheduled to be completed by the end of October 2019; however, the transaction must receive approval by the antitrust regulatory authorities in each country. Accordingly, the effective date of this transaction has yet to be determined.

Due to the terms and conditions of the transaction mentioned above, it is difficult to estimate the impact of the Transaction on the finance of the Company at this point of time. Therefore, the estimated amount of such impact is not recorded in this Consolidated Financial Statements.

Following the Transaction, we intend to classify and disclose the AEC as a discontinued operation.

- Notes: 1. Nine OAE subsidiaries will be removed from the OMRON Group consolidation.
2. The total transfer price will be finalized at a future date based on terms and conditions prescribed under the Transfer Agreement thereof, including financial figures, etc. Accordingly, the figures stated above may change in the future.

2. Shift from defined benefit plan to defined contribution plan

The Company and some of its domestic subsidiaries decided to transfer, in the first quarter of the 83rd Term, the portion of the fund to be accumulated on and after July 1, 2019 under the current defined benefit pension plan and the lump-sum retirement benefit plan (the “Future Portion”), to a defined contribution pension plan. As for the portion accumulated on and before June 30, 2019 under the existing arrangement (the “Past Portion”) shall also be partially transferred to the defined contribution plan over the number of years as statutorily required, while plan amendment is made.

The whole amount of reduction in retirement benefit obligations resulting from past plan amendment is required to be recognized at one time, pursuant to the aforementioned decision under the US-GAAP. At the same time, the difference between reduced amount of retirement benefit obligations and the expenditure associated with such transfer to a defined contribution plan, is required to be recognized as profit or loss, while changes in retirement benefit obligations associated with the plan amendment of the defined benefit pension plan and the lump-sum retirement benefit plan prior to this shift are required to be recorded in adjustments to retirement pension obligations.

The above changes have no significant impact on the consolidated statements of income for the 83rd Term.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(JPY millions)

Item	82nd term (As of March 31, 2019)	(Reference) 81st term (As of March 31, 2018)	Item	82nd term (As of March 31, 2019)	(Reference) 81st term (As of March 31, 2018)
ASSETS			LIABILITIES		
Current Assets:	138,952	165,543	Current Liabilities:	188,238	201,259
Cash and time deposits	27,312	42,839	Notes payable - trade	8,165	2,197
Notes receivable - trade	2,771	1,976	Accounts payable - trade	28,696	36,323
Accounts receivable - trade	53,207	59,922	Short-term borrowings from affiliated companies	119,040	129,657
Finished products	13,862	14,712	Lease liabilities	997	1,098
Materials	5,032	5,120	Other payables	13,345	13,425
Work in process	3,495	4,360	Accrued expenses	10,569	11,074
Supplies	725	708	Income taxes payable	1,733	3,638
Short-term loans receivable	—	10	Advances received	29	31
Short-term loans to affiliates	14,826	22,771	Deposits received	1,078	1,016
Other accounts receivable	11,990	9,125	Accrued bonus to officers	105	321
Other receivable	4,508	4,287	Other current liabilities	4,481	2,479
Other current assets	4,457	5,518	Long-term Liabilities:	16,343	25,898
Allowance for doubtful receivables	(3,233)	(5,805)	Long-term borrowings from affiliated companies	6,917	17,258
Fixed Assets:	325,453	319,570	Lease liabilities	1,320	1,862
Property and equipment:	43,131	37,836	Provision for share grant	1,071	548
Buildings	15,643	15,497	Deferred tax liabilities related to revaluation	1,205	1,205
Structures	1,037	967	Other long-term liabilities	5,830	5,025
Machinery and equipment	2,861	1,974	Total Liabilities	204,581	227,157
Vehicles and delivery equipment	1	2	NET ASSETS		
Tools, furniture and fixtures	2,359	2,380	Shareholders' Equity:	255,418	252,936
Land	13,167	13,167	Common stock	64,100	64,100
Lease assets	2,285	2,877	Capital surplus	88,771	88,771
Construction in progress	5,778	972	Additional paid-in capital	88,771	88,771
Intangible fixed assets:	7,971	8,153	Retained earnings	147,933	119,754
Software and others	7,971	8,153	Legal reserve	6,774	6,774
Investments and other assets:	274,351	273,581	Other retained earnings:	141,159	112,980
Investment securities	23,486	24,277	Reserve for dividends	3,400	3,400
Investments in affiliated companies	158,289	159,404	Non-restrictive reserve	73,500	73,500
Contribution to affiliated companies	20,918	20,918	Retained earnings unappropriated	64,259	36,080
Long-term advances to affiliates	37,589	35,687	Treasury stock, at cost	(45,386)	(19,689)
Leasehold deposits	4,646	4,502	Valuation and Translation		
Prepaid pension cost	14,266	15,010	Adjustments:	4,406	5,020
Deferred income taxes	10,275	9,508	Unrealized gains on available-for- sale securities	8,606	9,193
Other	4,939	4,323	Deferred hedge gain (loss)	123	150
Allowance for doubtful receivables	(57)	(48)	Land revaluation difference	(4,323)	(4,323)
Total Assets	464,405	485,113	Total Net Assets	259,824	257,956
			Total Liabilities and Net Assets	464,405	485,113

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

2. The non-consolidated balance sheets for the fiscal year ended March 31, 2018 have been reclassified for presentation purposes. For more details, see the "Changes in Presentation" of the "Notes to Non-consolidated Financial Statements."

Non-consolidated Statements of Income

(JPY millions)

Item	82nd term (April 1, 2018 to March 31, 2019)	(Reference) 81st term (April 1, 2017 to March 31, 2018)
Net sales	324,908	320,048
Cost of sales	194,892	186,470
Gross profit	130,016	133,578
Selling, general and administrative expenses	102,967	105,644
Operating income	27,049	27,934
Non-operating income:	26,357	15,808
Interest and dividends received	22,618	12,915
Other non-operating income	3,739	2,893
Non-operating expenses:	4,271	5,467
Interest paid	1,430	1,323
Cash discount on sales	795	784
Foreign exchange loss	905	2,074
Quality handling expenses	318	627
Other non-operating expenses	823	659
Ordinary income	49,135	38,275
Extraordinary gains:	2,856	2,752
Gain on sales of property and equipment	1	7
Gain on sales of investment securities	964	2,736
Gain on transfer of business	1,760	—
Other extraordinary gains	131	9
Extraordinary losses:	525	3,262
Loss on sales and disposal of property, equipment and intangible fixed assets	188	296
Impairment loss	—	743
Provision of allowance for doubtful receivables	310	2,200
Other extraordinary losses	27	23
Income before income taxes:	51,466	37,765
Income taxes - current	7,006	8,068
Income taxes - deferred	(557)	(761)
Net income	45,017	30,458

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

Non-consolidated Statements of Changes in Shareholders' Equity

82nd Term: April 1, 2018 — March 31, 2019

(JPY millions)

	Shareholders' equity							
	Common stock	Capital surplus		Legal reserve	Retained earnings			Total retained earnings
		Additional paid-in capital	Total capital surplus		Other retained earnings			
					Reserve for dividends	Non-restrictive reserve	Retained earnings unappropriated	
Balance at April 1, 2018	64,100	88,771	88,771	6,774	3,400	73,500	36,080	119,754
Changes during the year ended March 31, 2019								
Dividends paid			—				(16,838)	(16,838)
Net income			—				45,017	45,017
Acquisition and sale of treasury stock			—					—
Net change in items other than shareholders' equity during the year			—					—
Total changes during the fiscal year	—	—	—	—	—	—	28,179	28,179
Balance at March 31, 2019	64,100	88,771	88,771	6,774	3,400	73,500	64,259	147,933

	Shareholders' equity		Valuation and translation adjustment				Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred hedge gain (loss)	Land revaluation difference	Total valuation and translation adjustment	
Balance at April 1, 2018	(19,689)	252,936	9,193	150	(4,323)	5,020	257,956
Changes during the year ended March 31, 2019							
Dividends paid		(16,838)				—	(16,838)
Net income		45,017				—	45,017
Acquisition and sale of treasury stock	(25,697)	(25,697)				—	(25,697)
Net change in items other than shareholders' equity during the year		—	(587)	(27)	—	(614)	(614)
Total changes during the fiscal year	(25,697)	2,482	(587)	(27)	—	(614)	1,868
Balance at March 31, 2019	(45,386)	255,418	8,606	123	(4,323)	4,406	259,824

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

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

81st Term: April 1, 2017 — March 31, 2018

(JPY millions)

	Shareholders' equity							
	Common stock	Capital surplus		Legal reserve	Retained earnings			Total retained earnings
		Additional paid-in capital	Total capital surplus		Other retained earnings			
					Reserve for dividends	Non-restrictive reserve	Retained earnings unappropriated	
Balance at April 1, 2017	64,100	88,771	88,771	6,774	3,400	73,500	21,000	104,674
Changes during the year ended March 31, 2018								
Dividends paid			—				(15,378)	(15,378)
Net income			—				30,458	30,458
Acquisition and sale of treasury stock			—					—
Net change in items other than shareholders' equity during the year			—					—
Total changes during the fiscal year	—	—	—	—	—	—	15,080	15,080
Balance at March 31, 2018	64,100	88,771	88,771	6,774	3,400	73,500	36,080	119,754

	Shareholders' equity		Valuation and translation adjustment				Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred hedge gain (loss)	Land revaluation difference	Total valuation and translation adjustment	
Balance at April 1, 2017	(659)	256,886	7,766	(205)	(4,323)	3,238	260,124
Changes during the year ended March 31, 2018							
Dividends paid		(15,378)				—	(15,378)
Net income		30,458				—	30,458
Acquisition and sale of treasury stock	(19,030)	(19,030)				—	(19,030)
Net change in items other than shareholders' equity during the year		—	1,427	355	—	1,782	1,782
Total changes during the fiscal year	(19,030)	(3,950)	1,427	355	—	1,782	(2,168)
Balance at March 31, 2018	(19,689)	252,936	9,193	150	(4,323)	5,020	257,956

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

Notes to Non-consolidated Financial Statements

Significant Accounting Policies

- 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
- Derivatives are stated at fair value.
- 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.
- 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.
- Deferred charges are charged to income in their full amount when they are paid or incurred.
- 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.
- 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.
- 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.
- In order to prepare for the grant of the Company's shares to Directors and Executive Officers in accordance with the share grant provisions, provision for share grant is recorded based on the estimated amount of payment to be made at the end of the fiscal year, considering the amount multiplied by the stock price at the time when the Trust acquired the Company's shares.
- 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.
- The Company uses deferred hedge accounting as its hedge accounting method.
- 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.

13. The Company applies the consolidated taxation system.

Changes in Presentation

(Changes associated with “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

The Company adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, issued on February 16, 2018) from the beginning of the fiscal year under review, resulting in a change in presentation method whereby deferred income taxes is presented under Investments and other assets.

As a result, JPY 4,747 million of “Deferred income taxes” presented under “Current assets” in the consolidated balance sheets for the previous fiscal year, is included in JPY 9,508 million of “Deferred income taxes” under “Investments and other assets.”

Notes to Non-consolidated Balance Sheets

1. Accumulated depreciation for property and equipment JPY 77,738 million
(Note: Includes accumulated impairment loss.)

2. Pledged assets

Assets pledged as collateral

Investment securities

JPY 200 million

Total

JPY 200 million

3. Guarantees

Guaranteed parties

OMRON Eletronica do Brasil Ltda.

JPY 20 million

Omron Mexico, S.A. de C.V.

JPY 169 million

OMRON AUTOMATION PVT LTD.

JPY 48 million

Total

JPY 237 million

4. Financial Credits and Debts with Regard to Affiliates

Short-term credits due from affiliated companies

JPY 67,807 million

Long-term credits due from affiliated companies

JPY 37,589 million

Short-term liabilities due to affiliated companies

JPY 145,139 million

Long-term liabilities due to affiliated companies

JPY 8,342 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, 2019, 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 3,844 million.

Notes to Non-consolidated Statements of Income

Transactions with affiliated companies:

Sales to subsidiaries:	JPY 195,099 million
Purchases from subsidiaries:	JPY 144,292 million
Other transactions:	JPY 20,037 million
Non-operating transactions:	JPY 31,084 million

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

1. Number of shares issued and outstanding as of March 31, 2019:

Common stock 213,958,172 shares

2. Number of shares of treasury stock as of March 31, 2019:

Common stock 8,596,608 shares

Note: OMRON stock held for Board Incentive Plan and Employee Stock Ownership Plan purposes out of treasury stock as of March 31, 2019 was 766,683 shares.

3. Dividends

(1) Dividends paid

Resolution	Total amount (JPY millions)	Dividend per share (JPY)	Record date	Effective date
June 19, 2018 General Meeting of Shareholders	8,032	38.00	March 31, 2018	June 20, 2018
October 30, 2018 Board of Directors Meeting	8,805	42.00	September 30, 2018	December 4, 2018

(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 18, 2019 General Meeting of Shareholders	8,657	42.00	March 31, 2019	June 19, 2019

Notes on Tax-Effect Accounting

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

Deferred tax assets	
Allowance for doubtful receivables	JPY 1,020 million
Inventories	JPY 1,069 million
Investment securities	JPY 1,069 million
Investments in affiliated companies	JPY 9,680 million
Accrued bonuses	JPY 2,275 million
Retirement benefit trust	JPY 5,549 million
Unspecified debt	JPY 1,103 million
Depreciable assets	JPY 2,390 million
Unearned revenue	JPY 1,788 million
Others	<u>JPY 521 million</u>
Deferred tax assets, Subtotal	JPY 26,464 million
Valuation Allowance	<u>JPY (7,885) million</u>
Deferred tax assets, Total	JPY 18,579 million
Deferred tax liabilities	
Unrealized gains on securities	JPY 3,792 million
Prepaid pension cost	JPY 4,422 million
Others	<u>JPY 90 million</u>
Deferred tax liabilities, Total	<u>JPY 8,304 million</u>
Net deferred tax assets	<u>JPY 10,275 million</u>

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 Field Engineering Co., Ltd.	Indirect ownership, 100%	Borrowing Dispatch of Directors	Borrowing Payment of interest ^{2,4}	17,151 62	Affiliate short-term borrowings Accrued expenses	18,068 —
Subsidiary	OMRON Relay & Devices Corporation	Direct ownership, 100%	Purchase of products Borrowing Dispatch of Directors	Purchase of components for electronic devices ¹	30,656	Accounts payable – trade	3,303
				Borrowing Payment of interest ^{2,4}	7,062 25	Affiliate short-term borrowings Accrued expenses	5,924 —
Subsidiary	OMRON Automotive Electronics Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing Payment of interest ^{2,4}	8,026 28	Affiliate short-term borrowings Accrued expenses	8,915 —
Subsidiary	OMRON Social Solutions Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing Payment of interest ^{2,4}	7,528 26	Affiliate short-term borrowings Accrued expenses	6,113 —
Subsidiary	OMRON PRECISION TECHNOLOGY Co., Ltd.	Direct ownership, 100%	Lending	Lending Receipt of interest ^{3,4}	6,419 35	Affiliate short-term loans Accounts receivable ⁵	7,423 —
Subsidiary	OMRON Healthcare Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Borrowing Payment of interest ^{2,4}	17,395 62	Affiliate short-term borrowings Accrued expenses	19,713 —
Subsidiary	OMRON Management Center of America, Inc.	Direct ownership, 100%	Lending Dispatch of Directors	Recovery of funds	1,063	Affiliate long-term loans	30,937
				Receipt of interest	1,006	Accounts receivable	953
Subsidiary	OMRON Europe B.V.	Direct ownership, 100%	Sales of products Borrowing Dispatch of Directors	Sales of control devices ¹	28,566	Accounts receivable – trade	5,002
				Borrowing Payment of interest ⁴	3,869 61	Affiliate short-term borrowings Accrued expenses	26,419 48

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 Dispatch of Directors	Repayment for borrowing Payment of interest ⁴	196 305	Affiliate short-term borrowings Accrued expenses	9,434 290
Subsidiary	OMRON (China) Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of Directors	Repayment for borrowing Payment of interest ⁴	9,920 480	Affiliate long-term borrowings Accrued expenses	6,917 142
Subsidiary	OMRON HEALTHCARE BRASIL	Indirect ownership, 100%	Lending	Lending Receipt of interest ^{3,4}	2,885 336	Affiliate long-term loans Accounts receivable	4,881 81

Transaction Terms and Relevant Policies

- Notes:
- Sales and purchase prices of products are determined with reference to the prevailing market prices and other information.
 - For borrowing of funds, the parties enter into a contract using the pooling service of MUFG Bank 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).
 - For lending of funds, the parties enter into a contract using the pooling service of MUFG Bank 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).
 - Loan interest is determined on the basis of market interest rates.
 - Allowance for doubtful receivables of JPY 3,230 million was recorded for receivables at risk of default to OMRON PRECISION TECHNOLOGY Co., Ltd. In connection with this allowance, provision of allowance for doubtful receivables of JPY 310 million was recorded for the fiscal year ended March 31, 2019.

Per Share Information

- Net assets per share JPY 1,265.20
- Net income per share JPY 216.11

Note: During the fiscal year ended March 31, 2019, OMRON stock held for Board Incentive Plan and Employee Stock Ownership Plan purposes is included in treasury stock deducted in the calculation of per share data.

Subsequent Events

(Sale of shares in significant subsidiaries)

At a meeting held on April 16, 2019, the OMRON Board of Directors resolved to transfer the Automotive Electronic Components Business operating segment (consolidated subsidiary OMRON Automotive Electronics Co., Ltd. (“OAE”))*1, two consolidated subsidiaries including special subsidiary company OMRON Automotive Electronics de Mexico S. de R.L. de C.V., and three consolidated Automotive Electronics Component Business subsidiaries to the Nidec Corporation Group for the amount of JPY 100.0 billion*2 (the “Transaction”). A share transfer agreement (the “Transfer Agreement”) was executed on the same day as the Board of Directors meeting.

This transaction is scheduled to be completed by the end of October 2019; however, the transaction must receive approval by the antitrust regulatory authorities in each country. Accordingly, the effective date of this transaction has yet to be determined.

Due to the terms and conditions of the transaction mentioned above, it is difficult to estimate the impact of the Transaction on the finance of the Company at this point of time. Therefore, the estimated amount of such impact is not recorded in this Non-consolidated Financial Statements.

- Notes:
- Nine OAE subsidiaries will be removed from the OMRON Group consolidation.
 - The total transfer price will be finalized at a future date based on terms and conditions prescribed under the Transfer Agreement thereof, including financial figures, etc. Accordingly, the figures stated above may change in the future.

(Shift from defined benefit plan to defined contribution plan)

The Company decided to transfer, in the first quarter of the 83rd Term, the portion of the fund to be accumulated on and after July 1, 2019 under the current defined benefit pension plan and the lump-sum retirement benefit plan (the “Future Portion”), to a defined contribution pension plan. As for the portion accumulated on and before June 30, 2019 under the existing arrangement (the “Past Portion”) shall also be partially transferred to the defined contribution plan over the number of years as statutorily required, while plan amendments is made. Accordingly, the Company adopted the “Accounting for Transfer between Retirement Benefit Plans” (ASBJ Guidance No.1, December 16, 2016) and the “Practical Solution on Accounting for Transfer between Retirement Benefit Plans” (ASBJ PITF No. 2, February 7, 2007), whereby part of the retirement benefit plan concerning the portion to be transferred to defined contribution plan shall be terminated. As a result, JPY 4,200 million of extraordinary losses is scheduled to be recorded for the following fiscal year.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 13, 2019

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:

Hiroaki Sakai

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

Kenjiro Ikehata

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, 2019 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, 2018 to March 31, 2019, 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, 2019, and the results of their operations for the year then ended.

Emphasis of Matter

As discussed in Notes Regarding Consolidated Financial Statements (Subsequent Events), at a meeting held on April 16, 2019, the Company's board of directors resolved to transfer the Automotive Electronic Components Business (AEC) operating segment (consolidated subsidiary OMRON Automotive Electronics Co., Ltd.), two consolidated subsidiaries including special subsidiary company OMRON AUTOMOTIVE ELECTRONICS de Mexico, S. de R.L. de C.V. and three consolidated Automotive Electronics Component Business subsidiaries. A share transfer agreement was executed on the same day as the meeting of the board of directors. As a result of this transaction, nine OAE subsidiaries will be removed from the OMRON Group consolidation. Our opinion is not modified with respect to this matter.

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 13, 2019

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:

Hiroaki Sakai

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

Kenjiro Ikehata

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, 2019 of OMRON Corporation (the "Company"), and the related statements of income and changes in net assets for the 82th fiscal year from April 1, 2018 to March 31, 2019, 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, 2019, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As discussed in Notes Regarding Consolidated Financial Statements (Subsequent Events), at a meeting held on April 16, 2019, the Company's board of directors resolved to transfer the Automotive Electronic Components Business (AEC) operating segment (consolidated subsidiary OMRON Automotive Electronics Co., Ltd.), two consolidated subsidiaries including special subsidiary company OMRON AUTOMOTIVE ELECTRONICS de Mexico, S. de R.L. de C.V. and three consolidated Automotive Electronics Component Business subsidiaries. A share transfer agreement was executed on the same day as the meeting of the board of directors. As a result of this transaction, nine OAE subsidiaries will be removed from the OMRON Group consolidation. Our opinion is not modified with respect to this matter.

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

The Audit & Supervisory Board has prepared this audit report, following deliberations, based on the audit reports prepared by each Audit & Supervisory Board Member regarding the execution of Directors' duties for the 82nd fiscal year from April 1, 2018 to March 31, 2019, and hereby reports as follows:

1. Auditing Methods adopted by the Audit & Supervisory Board Members and the Audit & Supervisory Board and Details Thereof

- (1) The Audit & Supervisory Board determined audit policies, allocation of duties and other matters, and received reports from each Audit & Supervisory Board Member on the status of the implementation of audits and results thereof, as well as reports from the Directors, other relevant employees and the Accounting Auditors regarding the status of execution of their duties and sought explanations as necessary.
- (2) Each Audit & Supervisory Board Member, in accordance with the audit standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, as well as the audit policies, the allocation of duties and other matters, strove to collect information and develop an audit environment through communication with Directors, the Internal Audit Division and other relevant employees, and conducted audits by the following method:
 - 1) Each Audit & Supervisory Board Member attended the Board of Directors meetings and other important meetings, received reports from Directors, employees and other relevant personnel on the status of the execution of their duties, sought explanations as necessary, inspected material internal decision-making documents and others, and examined the status of operations and assets at the Head Office and principal places of business. Regarding subsidiaries, each Audit & Supervisory Board Member communicated and exchanged information with Directors, Audit & Supervisory Board Members and other relevant personnel of the subsidiaries and received reports on business from them as necessary.
 - 2) Each Audit & Supervisory Board Member received reports regularly from Directors, employees and other relevant personnel, sought explanations as necessary, and expressed opinions regarding the status of establishment and operations of a system developed based on the Board of Directors' resolution and its contents concerning the development of a system to ensure that execution of Directors' duties conforms to laws and the Articles of Incorporation and other systems needed to ensure appropriateness of operations of the Company and its consolidated subsidiaries, pursuant to Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act (Internal Control System).
 - 3) Each Audit & Supervisory Board Member received reports on the evaluation of internal control of the financial reporting and the audit status thereof from Directors and other relevant personnel, as well as Deloitte Touche Tohmatsu LLC, and sought explanations as necessary.
 - 4) Each Audit & Supervisory Board Member monitored and verified whether the Accounting Auditor maintained independence and conducted its audits appropriately, received reports from the Accounting Auditor on the status of execution of its duties, and sought explanations as necessary. Each Audit & Supervisory Board Member also received notification from the Accounting Auditor that the "system to ensure appropriate execution of duties" (matters set forth in each item of Article 131 of the Regulation for Corporate Accounting) has been prepared in accordance with the "Quality Management Standard for Audits" (Business Accounting Council, October 28, 2005) and sought explanations as necessary.

Based on the above methods, the Audit & Supervisory Board Members reviewed the Business Report and the accompanying supplemental schedules, the Non-consolidated Financial Statements (Non-consolidated Balance Sheets, Non-consolidated Statements of Income, Non-consolidated Statements of Changes in Shareholders' Equity and Notes to Non-consolidated Financial Statements) and the accompanying supplemental schedules as well as the Consolidated Financial Statements (Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Shareholders' Equity and Notes to Consolidated Financial Statements) related to the fiscal year under review.

2. Audit Results

- (1) Audit results on the Business Report and Others

- 1) In our opinion, the Business Report and the accompanying supplemental schedules correctly present the status of the Company in accordance with applicable laws and regulations as well as the Articles of Incorporation of the Company.
 - 2) We have found no evidence of misconduct or material acts in violation of the applicable laws and regulations, nor of any violation regarding the Articles of Incorporation of the Company, concerning the execution of Directors' duties.
 - 3) In our opinion, details of the resolution of the Board of Directors regarding the Internal Control System are appropriate. Furthermore, we have found no matters to remark regarding details of the Internal Control System described in the Business Report as well as the execution of Directors' duties.
- (2) Results of Audit of the Non-consolidated Financial Statements and the Accompanying Supplemental Schedules
 In our opinion, the methods and results of the audit conducted by Deloitte Touche Tohmatsu LLC, the Accounting Auditor, are appropriate.
- (3) Results of Audit of the Consolidated Financial Statements
 In our opinion, the methods and results of the audit conducted by Deloitte Touche Tohmatsu LLC, the Accounting Auditor, are appropriate.

May 15, 2019

The Audit & Supervisory Board of OMRON Corporation

Audit & Supervisory Board Member (Full-time)	Kiichiro Kondo (Seal)
Audit & Supervisory Board Member (Full-time)	Tokio Kawashima (Seal)
Audit & Supervisory Board Member (Independent)	Hideyo Uchiyama (Seal)
Audit & Supervisory Board Member (Independent)	Tadashi Kunihiro (Seal)