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Issuance of Performance-linked Stock Acquisition Rights (Stock Options with Charge)

Tokyo, Japan – The Board of Directors of OMRON Corporation (TOKYO: 6645; ADR: OMRNY, “the Company”) today resolved to issue performance-linked stock acquisition rights (“Stock Acquisition Rights”) to directors and executive officers of the Company, excluding its outside directors, pursuant to Articles 236, 238, and 240 of the Corporate Law as stated below.

The Stock Acquisition Rights will be issued without the approval of a general meeting of shareholders, as these are issued with charge at a price equivalent to the fair value of the Stock Acquisition Rights and not particularly favorable for individuals who are allotted the Stock Acquisition Rights.

I. Purpose and reasons for issuance of the Stock Acquisition Rights

The OMRON Group established “Value Generation 2020” (VG2020), its long-term vision until the year ending March 31, 2021 (fiscal 2020) with the aim of becoming a “global value-creating group that is qualitatively and quantitatively superior.” To meet this goal, the three years from fiscal 2014 through fiscal 2016 have been designated the “EARTH-1 STAGE,” and a medium-term management plan for the period has been established.

Objectives of issuing the Stock Acquisition Rights with charge to directors and executive officers are to increase their motivation to meet the performance goals in the EARTH-1 STAGE, and to create shareholder value in the medium-to-long term so as to encourage directors and executive officers to own shares of the Company.

The Stock Acquisition Rights are exercisable only when the pre-assigned criteria of the Company’s consolidated financial results are met as stipulated in “II. Outline of the issuance of the Stock Acquisition Rights, 3. Features of the Stock Acquisition Rights (4) Conditions for the exercise of the Stock Acquisition Rights.” The directors and executive officers to whom the Stock Acquisition Rights are to be allotted shall hold

themselves accountable for their commitment to attain the prescribed performance goals.

II. Outline of the issuance of the Stock Acquisition Rights

1. Total number of Stock Acquisition Rights to be issued

478 units of Stock Acquisition Rights with features as stipulated in 3 below.

The total number of shares to be issued or transferred upon exercise of all of the Stock Acquisition Rights shall be 47,800 shares of common stock of the Company. If it becomes necessary to adjust the number of shares to be issued upon exercise of the Stock Acquisition Rights in accordance with the provisions in 3(1) below, it shall be the number of shares to be issued or transferred upon exercise of each of the Stock Acquisition Rights after adjustment multiplied by the number of Stock Acquisition Rights stated above.

2. Persons to be allotted the Stock Acquisition Rights and number of Stock Acquisition Rights to be allotted

478 units to be allotted to 29 executives, including directors (excluding outside directors) and executive officers of the Company, and directors of subsidiaries of the Company who also assume the position of executive officers of the Company.

3. Features of the Stock Acquisition Rights

(1) Class and number of shares to be issued or transferred upon exercise of the Stock Acquisition Rights

The class of shares to be issued or transferred upon exercise of the Stock Acquisition Rights shall be common stock of the Company, and the number of shares to be issued or transferred upon exercise of each of the Stock Acquisition Rights (the “Number of Granted Shares”) shall be 100. If, however, the Company carries out a stock split (including gratis allotment of its common stock) or a reverse stock split with respect to its common stock, the Number of Granted Shares shall be adjusted using the formula below. However, such adjustment shall be made only to the shares to be granted for the Stock Acquisition Rights that have not yet been exercised at the time of the adjustment. Any amount less than one share arising from the adjustment shall be rounded down to the nearest whole number.

$$\begin{array}{l} \text{Number of Granted} \\ \text{Shares after} \\ \text{adjustment} \end{array} = \begin{array}{l} \text{Number of Granted} \\ \text{Shares before} \\ \text{adjustment} \end{array} \times \begin{array}{l} \text{Ratio of stock split or reverse} \\ \text{stock split} \end{array}$$

If the Company carries out a merger, company split, capital reduction, or similar events where it becomes necessary to adjust the Number of Granted Shares, an adjustment may be made by the Company to the extent deemed reasonable.

(2) Amount of assets to be contributed upon exercise of the Stock Acquisition Rights

The amount of assets to be contributed upon exercise of the Stock Acquisition Rights shall be determined by multiplying the amount to be paid per share to be issued or transferred (the “Exercise Price”) by the Number of Granted Shares.

Exercise Price: JPY 5,780

If the Company carries out a stock split or reverse stock split with respect to its common stock, the Exercise Price shall be adjusted using the following formula, with any amount less than one yen arising from the adjustment rounded up to the nearest yen.

$$\begin{array}{l} \text{Exercise Price} \\ \text{after} \\ \text{adjustment} \end{array} = \begin{array}{l} \text{Exercise Price} \\ \text{before} \\ \text{adjustment} \end{array} \times \frac{1}{\begin{array}{l} \text{Ratio of stock split or} \\ \text{reverse stock split} \end{array}}$$

If the Company issues new shares of common stock or disposes of its treasury shares of common stock at a price below the quotation of its common stock (excluding issuance of new shares or disposal upon the exercise of Stock Acquisition Rights of treasury shares, sale of treasury shares, and transfer of treasury shares in exchange of shares), the Exercise Price shall be adjusted using the following formula, with any amount less than one yen arising from the adjustment rounded up to the nearest yen.

$$\begin{array}{l} \text{Exercise Price after} \\ \text{adjustment} \end{array} = \begin{array}{l} \text{Exercise Price before} \\ \text{adjustment} \end{array} \times \frac{\begin{array}{l} \text{Number of} \\ \text{outstanding} \\ \text{shares} \end{array} + \frac{\begin{array}{l} \text{Number} \\ \text{of new shares} \\ \text{to be issued} \end{array} \times \begin{array}{l} \text{Amount} \\ \text{to be paid} \\ \text{per share} \\ \text{Quotation per share before} \\ \text{issuance} \end{array}}{\begin{array}{l} \text{Number of} \\ \text{outstanding} \\ \text{shares} \end{array} + \begin{array}{l} \text{Number of new} \\ \text{shares to be} \\ \text{issued} \end{array}}$$

In the formula above, the “number of outstanding shares” denotes the number of shares of common stock of the Company already issued, less the number of treasury shares of common stock of the Company. If the Company disposes of its treasury shares of common stock, the “number of new shares to be issued” shall be replaced by the

“number of treasury shares to be disposed of” and the “quotation per share before issuance” shall be replaced by the “quotation per share before disposal.”

Other than the above, if the Company carries out a merger, a company split, or other similar events that require adjustment of the Exercise Price, the Exercise Price may be adjusted by the Company to the extent deemed reasonable.

(3) Period during which the Stock Acquisition Rights are exercisable

The period during which Stock Acquisition Rights are exercisable (the “Exercise Period”) is from July 1, 2017 to June 30, 2020.

(4) Conditions for the exercise of the Stock Acquisition Rights

(A) A holder of the Stock Acquisition Rights (“Rights Holder”) may exercise the Stock Acquisition Rights only when the total net sales in the Consolidated Financial Statements for the year ending March 2017, which will be stated in the Annual Security Report to be submitted by the Company in June 2017 in accordance with the Financial Instruments and Exchange Law, exceed the amounts stated in (a) to (g) below. They may be exercised up to the predetermined percentages of the Stock Acquisition Rights allotted to each Rights Holder as stated below. Any fraction of less than one of the exercisable number of Stock Acquisition Rights shall be rounded down to the nearest whole number.

- (a) Up to 33% may be exercised when consolidated net sales exceed JPY 800 billion
- (b) Up to 50% may be exercised when consolidated net sales exceed JPY 850 billion
- (c) Up to 67% may be exercised when consolidated net sales exceed JPY 900 billion
- (d) Up to 75% may be exercised when consolidated net sales exceed JPY 925 billion
- (e) Up to 84% may be exercised when consolidated net sales exceed JPY 950 billion
- (f) Up to 92% may be exercised when consolidated net sales exceed JPY 975 billion
- (g) Up to 100% may be exercised when consolidated net sales exceed JPY 1 trillion

(B) Regardless of the conditions above, a Rights Holder shall not exercise the Stock Acquisition Rights if any of the following events occur:

- (a) If a Rights Holder loses his/her status as a director, executive officer, or an employee of the Company or a subsidiary of the Company, or an equivalent status; provided, however, that this shall not apply to cases where the Board of Directors deems it appropriate to permit the Rights Holder to exercise the Stock Acquisition Rights, such as the case in which the Rights Holder resigns from his/her position due to expiration of his/her term of office.

- (b) If a Rights Holder becomes a director, officer or employee of another company (except where prior written consent is obtained from the Company).
- (c) If a Rights Holder carries out an act regarded as discreditable or disloyal to the Company or subsidiaries or affiliates of the Company, and the Board of Directors deems it inappropriate to permit the Rights Holder to exercise the Stock Acquisition Rights.
- (d) If a Rights Holder offers to renounce all or part of the Stock Acquisition Rights in writing using the form prescribed by the Company.

(C) It is not permitted for a Rights Holder to assign or donate the Stock Acquisition Rights to a third party, or create a security interest including a pledge in the Stock Acquisition Rights, without the approval by a resolution of the Board of Directors of the Company.

(D) If a succession occurs due to the death of a Rights Holder, only one of the Rights Holder's heirs at law (the "Successor"), of whom the Company had been notified in advance in writing using the form prescribed by the Company, may exercise the Stock Acquisition Rights. However, if the Successor dies, it is not permitted for any heir of the Successor to exercise the Stock Acquisition Rights held by the Successor.

(E) A Rights Holder may exercise the Stock Acquisition Rights in one or more installments. However, a single Stock Acquisition Right shall not be exercised in part.

(F) Other conditions for the exercise of the Stock Acquisition Rights shall be pursuant to relevant provisions in the Stock Acquisition Rights Allotment Agreement to be concluded between the Company and persons to be allotted the Stock Acquisition Rights.

(5) Matters concerning the capital and capital reserve to be increased

(A) The amount of capital to be increased due to the issuance of shares upon exercise of the Stock Acquisition Rights shall be one half of the maximum amount of increase in the capital, etc. to be calculated pursuant to Article 17, paragraph 1 of the Corporate Accounting Regulations, with any amount less than one yen arising from such calculation to be rounded up to the nearest yen.

(B) The amount of capital reserve to be increased due to the issuance of shares upon exercise of the Stock Acquisition Rights shall be the maximum amount of increases in the capital, etc. stated in (A) above, less the amount of capital to be increased as specified in (A) above.

(6) Restriction on the acquisition of Stock Acquisition Rights through transfer

Any acquisition of the Stock Acquisition Rights through transfer shall require approval by a resolution of the Board of Directors of the Company.

(7) Conditions and provisions for acquisition of the Stock Acquisition Rights by the Company

(A) The Company may, on a date separately specified by its Board of Directors, acquire the Stock Acquisition Rights without any charge where an agenda for a merger agreement (limited to where the Company will cease to exist due to the merger), an absorption-type company split agreement or an incorporation-type company split plan (both limited to where the Company will be split) or a share exchange agreement or a share transfer plan (both limited to where the Company will become a wholly owned subsidiary) is approved at a general meeting of shareholders of the Company (or, if approval of a general meeting of shareholders is not required, where it is resolved by the Company's Board of Directors).

(B) The Company may also acquire the Stock Acquisition Rights without any charge if a Rights Holder becomes unable to exercise them pursuant to the provisions set forth in 3(4) above, prior to exercising the Stock Acquisition Rights.

(8) Handling of Stock Acquisition Rights upon Acts of Structural Reorganization

If the Company carries out a merger (limited to where the Company will cease to exist due to the merger), an absorption-type company split, an incorporation-type company split, a share exchange, or a share transfer (collectively, "Acts of Structural Reorganization"), Stock Acquisition Rights of the companies listed in (a) to (e) of Article 236, paragraph 1, item 8 of the Corporate Law (the "Reorganized Company") shall be delivered, in each of the above cases, to Rights Holders who hold the Stock Acquisition Rights remaining on the day when the Acts of Structural Reorganization come into effect (the "Remaining Stock Acquisition Rights") in accordance with the following conditions. However, the foregoing shall apply only to cases where delivery of Stock Acquisition Rights of the Reorganized Company in accordance with the following conditions is stipulated in a merger agreement, an absorption-type split agreement, an incorporation-type company split plan, a share exchange agreement, or a share transfer agreement.

(A) Number of Stock Acquisition Rights of the Reorganized Company to be delivered: A number of Stock Acquisition Rights equal to that of the Remaining Stock Acquisition Rights held by a Rights Holder shall be delivered to the respective Rights Holder.

(B) Class of shares of the Reorganized Company to be issued or transferred upon exercise of the Stock Acquisition Rights:
Shares of common stock of the Reorganized Company shall be issued or transferred.

(C) Number of shares of the Reorganized Company to be issued or transferred upon exercise of the Stock Acquisition Rights:

The number shall be determined in accordance with 3(1) above based on consideration of conditions for the Acts of Structural Reorganization.

(D) Amount of assets to be contributed upon exercise of the Stock Acquisition Rights:

The amount of assets to be contributed shall be determined by multiplying the amount paid after reorganization as obtained after adjustment of the Exercise Price in accordance with 3(2) above based on the consideration of conditions for the Acts of Structural Reorganization, by the number of shares of the Reorganized Company to be issued or transferred upon exercise of the Stock Acquisition rights as determined in accordance with 3(8)(C) above.

(E) Period during which Stock Acquisition rights are exercisable:

The period shall be from the commencement date of the Exercise Period stipulated in 3(3) above, or the effective date of the Acts of Structural Reorganization, whichever is later, to the expiry date of the Exercise Period stipulated in 3(3) above.

(F) Matters concerning the capital and capital reserve to be increased when shares are issued upon exercise of Stock Acquisition Rights:

To be determined in accordance with 3(5) above

G) Conditions and provisions for acquisition of Stock Acquisition Rights:

To be determined in accordance with 3(7) above

(9) Handling of fractions less than one (1) share to be delivered

If the number of shares to be delivered to Rights Holders who have exercised the Stock Acquisition Rights includes any fraction less than one (1) share, such fraction shall be rounded down to the nearest whole number.

(10) Matters concerning certificates of the Stock Acquisition Rights

The Company shall not issue certificates of the Stock Acquisition Rights.

4. Amount to be paid in exchange for the Stock Acquisition Rights

The amount of money to be paid in exchange for Stock Acquisition Rights shall be JPY 64,200 per unit of Stock Acquisition Rights.

The amount is determined by referring to the results of simulation using a tree model, which is a general model for option price valuation, considering the stock price and other information of the Company by KPMG Tax Corporation, which is a third-party verification organization.

5. Allotment date for Stock Acquisition Rights

July 8, 2015

6. Due date for payment in exchange for the Stock Acquisition Rights

July 25, 2015