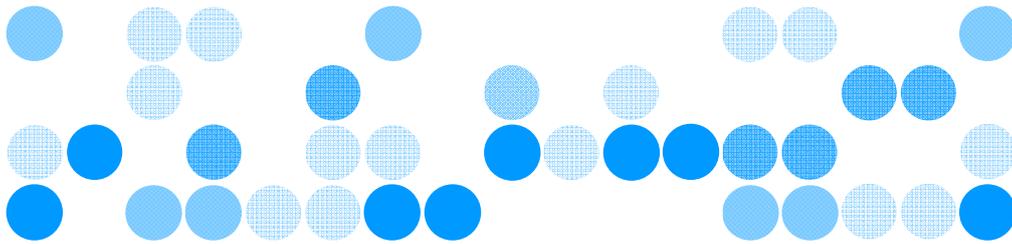


Nomura Investment Forum 2012
Generation of Corporate Value



December 6, 2012

OMRON Corporation

Good afternoon, ladies and gentlemen. I am Yoshihito Yamada from Omron. I am very honored to be at this long-established Nomura CEO Forum. Let me also extend my appreciation to all the investors who are here for our company presentation.

Yoshihito YAMADA



Yoshihito YAMADA,
President and CEO

- Apr. 1984 Joined Tateisi Electric Manufacturing Co.,
currently Omron Corporation
Worked in sales and marketing departments
- Oct. 2001 Vice-President of Omron Healthcare Inc. (USA)
- Apr. 2003 President of Omron Healthcare Europe B.V.
- June 2008 Executive Officer and President and Representative
Director of OMRON Healthcare Co., Ltd.
- Mar. 2010 Senior General Manager of Corporate Strategy
Planning HQ of OMRON Corporation
- June 2010 Managing Officer of the Company
- June 2011 President and Chief Executive Officer of the
Company (to present)

I joined Omron in 1984 and was assigned to departments, which developed into the current Healthcare business.

And I became a vice president in the US in 2001, and then to a president in Europe in 2003 when we developed emerging markets such as Russia, eastern Europe or middle east.

Then I became a president of Omron Healthcare when I came back to Japan in 2008.

I was involved in drafting a 'New Long-Term Vision, VG2020' as a head of Corporate Strategy Planning HQ of Omron for 12 months before becoming a president of Omron during which I learned a lot by taking a close look at how Former President Sakuta managed the company.

The new long-term vision is for a next generation, which I took over from Mr. Sakuta, but not completely disconnected from the previous one. It still shares a same backbone including post-financial crisis restructuring.

People tend to think I am relatively young as a president of a Japanese corporation, but I have engaged in company management for about 10 years, and now I am given a chance to lead it because I think the company expected a dynamic reform and growth that I could bring out.

And I have committed and will commit to bring changes to the company.

Generation of Corporate Value

Omron is working on (1) Business growth (2) Better investment efficiency focusing on management indicators, and (3) Stronger corporate structure that can better respond to external changes.

- 1. Business Growth**
- 2. Stronger Management**
- 3. Response to Changes**

Higher Corporate Value

Let me share my thoughts about higher corporate value as a management.

Generating corporate value is to become a company socially needed, a company truly valuable or a company whose products or services are considered indispensable for customers. If a company is indispensable, many customers would pay for its products or services, which should result in sales and profit growth. High appreciation by customers will be reflected in the company's growth, and then eventually in its share price, increasing corporate value. This is what I believe as corporate value improvement.

Then, what should I do to increase corporate value as a management?

(1) Business growth

Must create growth by utilizing business strengths

Aim for 'growth'. It is not just to pursue business size expansion, but to meet shareholders' expectations by stronger profitability to improve corporate value.

(2) Stronger management, Efforts for effective use of capital to improve efficiency

(3) Response to changes, Changes surrounding the business are taking place quickly and drastically. We are required to be a stronger company in facing various risks such as natural disasters or economic changes.

■ **Generation of Corporate Value**

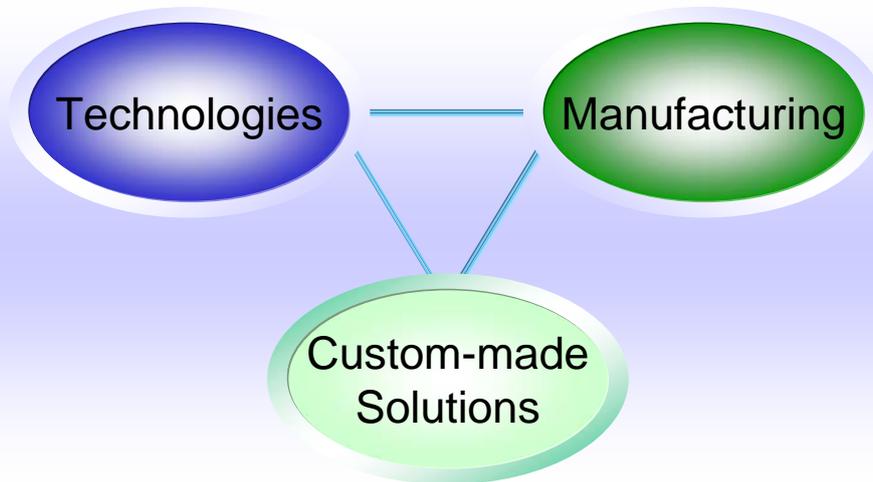
1. Business Growth

2. Stronger Management

3. Response to Changes

1. Business Growth: Omron's Strengths

- Technologies (Sensing & Control) & Manufacturing
- Custom-made solutions: Develops its own technologies into valuable solutions to each customer



If someone asks me what Omron's strengths are, I would say there are three.

First of all, it is a technical capability represented by sensing & control as core technologies. Controller technology such as highly accurate PLC or image sensing technology to detect defects on a manufacturing line. An example of something familiar such as in healthcare would be a technology to measure blood pressure correctly.

Secondly, it is a 'manufacturing' capability to build cost and quality as a manufacturer, an ability to realize high level QCD. Omron, having FA as its mainstay business, is a manufacturer for the fellow manufacturers. Therefore, this 'manufacturing' capability is very important.

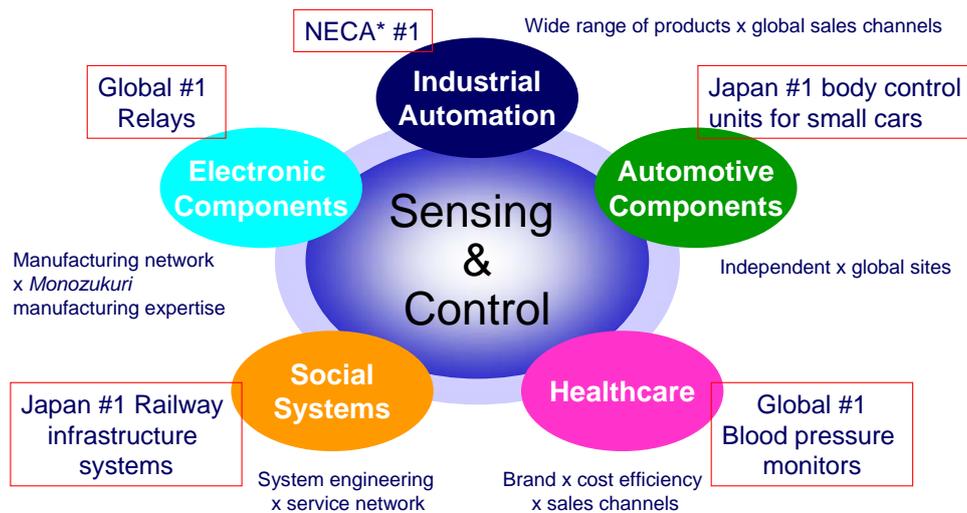
And thirdly, it is a capability to develop custom-made solutions.

Let's say there is a company who owns a very interesting and cutting-edge technology. But just having a cutting-edge technology would not make them develop a business. It becomes a business when there is an appropriate usage. The important thing is to have products and application to leverage the technology. Our field sales and engineers in control business know many 'fields' and hold abundant know-how. They are good at realizing such technologies or ideas in products and manufacturing lines.

In order to expand a business globally, another important ability is to develop various technologies or knowledge by adjusting and adapting, while complying with legal regulations. Omron is also good at addressing regulations. A good example is demonstrated by the fact that our healthcare products are sold in more than 110 countries or that we enjoy outstanding market share by making use of knowledge obtained through running a medical business to develop markets for general consumers.

1. Business Growth: Core Businesses' Strengths

Each business segment has unique strengths and high market share.



*NECA: Nippon Electric Control Equipment Industries Association

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- Strength by business category
- Our five business segments may look irrelevant to each other, but they share core technology of sensing and control, and have their own technical strength respectively.
- IAB's strength lies in a wide range of products and global sales channels for them. Omron holds over 40% NECA market share in domestic IAB segment.
- EMC' strength lies in 'manufacturing network' centered on relays and manufacturing expertise. We have No.1 market share globally in relays.
- AEC's strength is the fact that we are an independent supplier, not under a group of specific OEM manufacturer. Having many different customers allows us to operate our production and development efficiently.
- SSB holds over 40% market share in domestic automatic ticket gates and ticket vending machine businesses. Half of this business is generated from maintenance services or software development provided not just for SSB itself, but also for other businesses. Its strength lies in system engineering capability and service network which create values for the whole process from development through maintenance.
- HCB is the only B to C business within Omron, contributing a lot to establishing Omron brand. We have over 50% global market share in electrical blood pressure monitors. Its strengths are scale profit, cost efficiency and channel development capability, supported by such an outstanding market share. Our global sales network covers about 300,000 outlets including pharmacies.

1. Business Growth: VG2020 GLOBE STAGE Tasks

Establishment of structures to realize profit and growth, prioritizing the core Industrial Automation business.

Policy

Establishment of global profit & growth structures

Tasks (unchanged)

1. Reinforcement of Industrial Automation (IA) Business (IAB & EMC)
2. Sales expansion in emerging markets
3. Focus on environmental solutions business
4. Profit structure reform
5. Strengthening global human resources

We are striving for growing each business by making use of aforementioned strengths.

In our new long-term vision, we define the first three years as a globe stage when we focus on building profit and growth structure as a main policy.

The following fives are our abiding actions to support this policy.

- (1) We will make IAB the strongest, which is our core business with high margin.
- (2) At the same time, we intend to expand sales in emerging markets, mainly by expanding IAB and HCB.

We will focus on more profitable businesses in areas where market growths can be expected to improve overall profitability.

- (3) As a new business for the future, environmental solutions business will also be emphasized to drive our growth.

- (4) Company-wide efforts are placed to reform profit structure to support our growth, while

- (5) global talents are reinforced, which are essential for our growth.

We are building global profit and growth structure by promoting these five activities.

1. Business Growth: Main Business Portfolio **OMRON**
Sensing tomorrow™

- Focus on IA (IAB & EMC) and Healthcare Businesses
- AEC & SSB: Profitability improvement first

**Sensing & Control
5 Core Businesses**

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Omron has five main businesses.

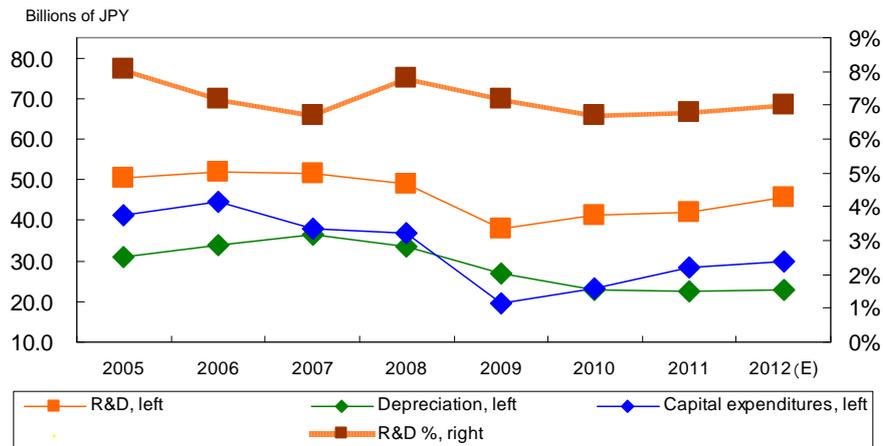
Although they all have different business operation policies, investments for growth will be made in IAB, EMC and HCB to realize 'growth' both in sales and profitability.

This doesn't necessarily mean AEC and SSB are non-core businesses.

Both of them hold a unique positioning respectively, managing business with a focus on improving profitability under a thoroughly self-sufficient operation. We plan to realize a big growth centered on these businesses.

1. Business Growth: Capital & R&D Investments

Omron will continue capital and R&D investments, which are indispensable for future growth.



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Let me talk about R&D investment and capital expenditure for growth. This is a history of R&D %, R&D amount, depreciation and capex.

R&D spending is forecasted to be 45.5 billion yen, which is 7%, this year.

23 billion yen for depreciation and 30 billion yen for capex.

I have three messages to share on this slide.

- (1) We have been investing in R&D and capex for growth constantly, despite some ups and downs depending on business environments.
- (2) We have been maintaining a relatively high R&D investment at around 7%.
- (3) Our capex is larger than depreciation.

These investments are sources for growth. We intend to maintain a certain level of investments in order to sustain and improve competitiveness efficiently without cutting corners.

■ **Generation of Corporate Value**

1. **Business Growth**

2. Stronger Management

3. **Response to Changes**

2. Management: Financial Indicators

Management with focus on ROIC and other indicators.

Major Indicators	FY11	FY12 fcst
Gross Profit Margin	36.8%	37.5%
Operating Income Margin	6.5%	7.1%
ROE	5.2%	8.5%
ROIC	6.8%	7.7%

Financial indicators.

We basically disclose 'gross profit margin,' 'operating income margin' and 'ROE.'

We have rarely disclosed ROIC, but it is continuously used as an internal indicator both at a corporate level and at a business segment level.

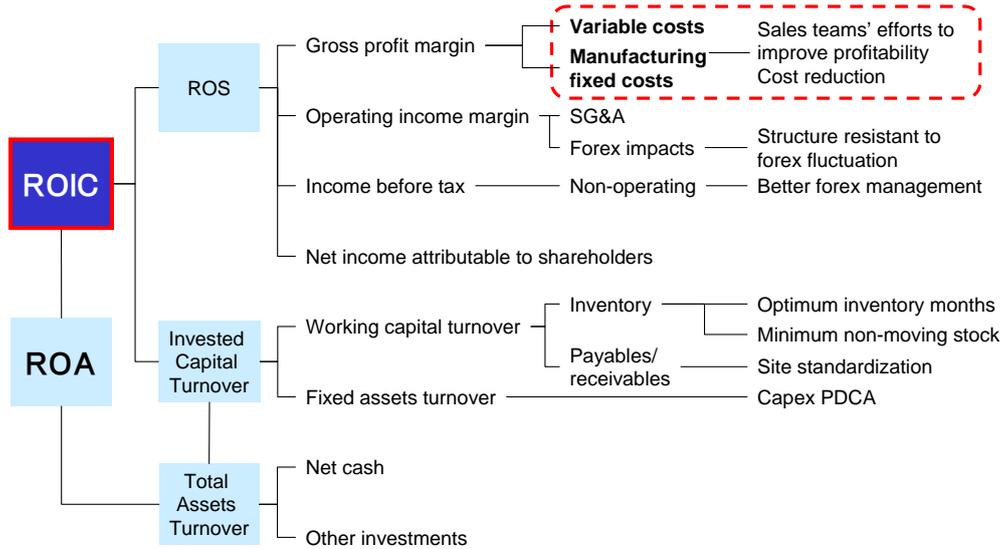
I, myself, have been using ROIC to manage the business since I was the president of Omron healthcare.

It is used in making businesses more efficient and is also utilized to assess bonuses for presidents of each business segment.

I am also trying to make business judgments by evaluating businesses with a focus on capital costs, and will continue to manage the company by realizing ROIC higher than capital cost.

2. Management: Indicators & Structure Reform

Indicator breakdown → What to/how to improve → Stronger Omron



We even break down ROIC into detailed indicators to take actions for improvement.

- In the new long-term plan, we are particular about gross profit margin improvement, especially by sales efforts to improve profitability and by reducing variable and manufacturing fixed costs.

2. Management: Profitability

Targeting FY13 gross profit margin of 39%



- ◆ Sales staff's efforts in profit improvement
- ◆ Smaller number of components, standardized system platform
- ◆ Less use of major raw materials, such as silver, copper and resin
- ◆ Introduction of automation in China and other Asian countries (low-cost automation)

In the past, we used cost ratio as one indicator, but changed to gross profit margin when we announced a new long-term plan.

It is because having cost ratio as a target will end up forcing manufacturing department to work hard on reducing the cost. But whether to lower a manufacturing cost or to increase operating income, we need efforts by the sales team. In order to improve gross profit margin, sales also needs to pay special attention to profits and work with other departments to improve profitability.

Manufacturing and R&D departments are working on reducing the number of components and implementing the use of platform.

As an effort to use less material, we are working to reduce total usage of raw material such as silver or copper.

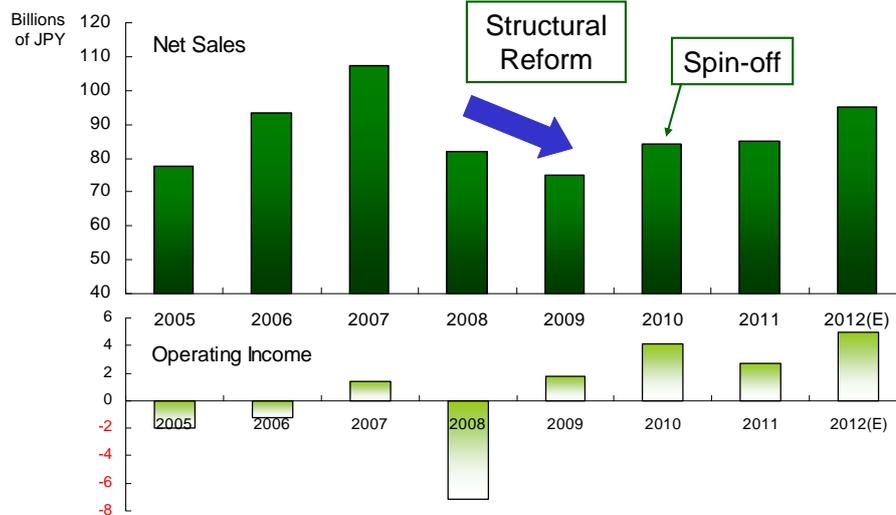
Omron is promoting automation internally. As we implement automation or low-cost automation in Asia with less costly and more efficient investments, we are steadily reducing manufacturing fixed cost.

Affected by economic changes, % of IAB in the total business is shrinking more than expected, still field staffs are continuously making small efforts in order to bring gross profit margin to 37.5%. Such efforts would work positively many folds when IAB comes back on track for growth.

There is nothing drastic, but manufacturing, sales and R&D divisions work together to make improvements with an emphasized cost awareness.

2. Management: OP Improvement, AEC

Automotive Electronic Components Business (AEC) went through structural reform and spin-off, and successfully transformed into profit-making business.



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Let me share an example of profitability improvement with AEC who has gone through characteristics transformation.

To begin with, AEC's business environment is changing a lot recently, creating opportunities for an independent car parts manufacturer.

Cars are getting smaller and lighter, with more hybrids, requiring more electrical parts. Being independent allows us to have businesses with multiple car manufacturers in this changing market. Consequently, this helps us to improve R&D and production efficiency.

In addition, acceleration of dual sourcing by car makers for BCP after Great Eastern Japan Earthquake has been a tailwind for our business.

In the meanwhile, we went through various structural reforms after the financial crisis.

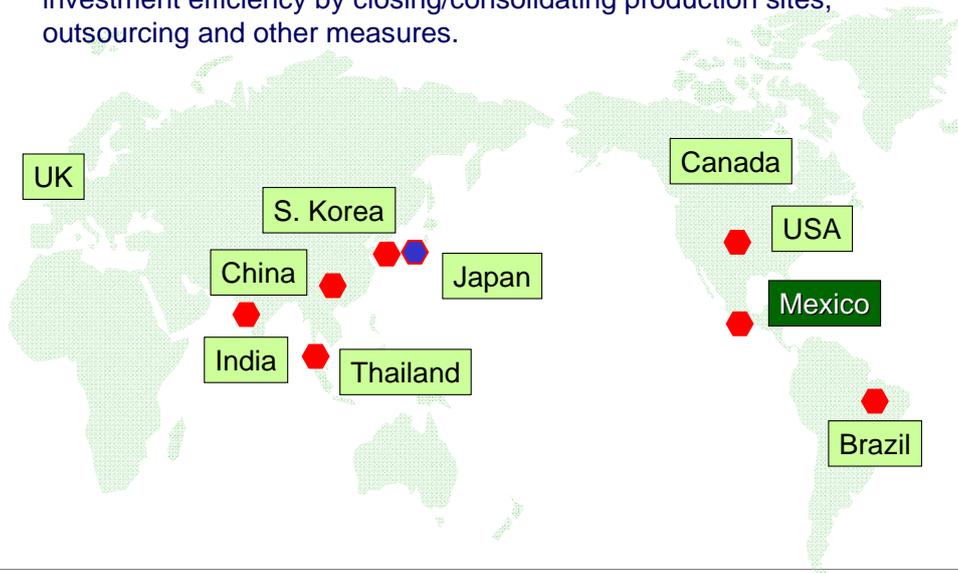
Product items were reduced. Net sales shrank from over 100 billion yen at one time to 80 to 90 billion yen. After the shrinkage, we tried to be as efficient as possible in running the business to come back to a level of forecasting 95 billion yen net sales.

Operating margin has also recovered to a level of generating 5 to 6 % stably, which is expected to contribute to our business results.

We have also taken various measures to increase margins.

2. Management: Better Investment, AEC

In addition to profit improvement, AEC is working on higher investment efficiency by closing/consolidating production sites, outsourcing and other measures.



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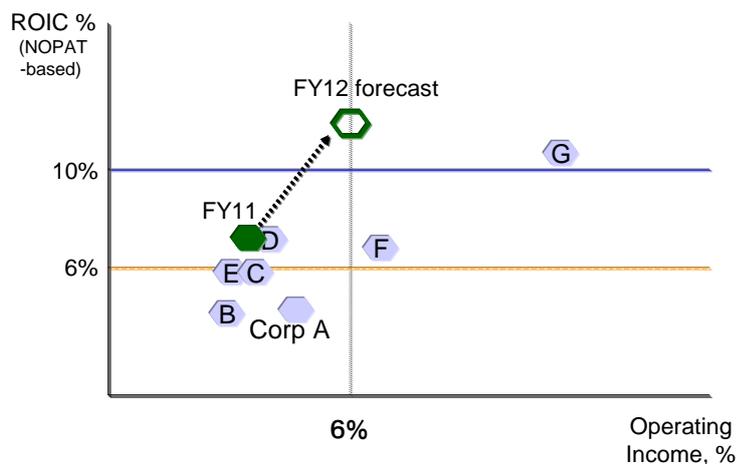
Investment efficiency is also addressed by consolidating production facilities in addition to many other management efforts.

For example, we closed down large operations with poor profitability such as Canada and UK as part of consolidation. In other regions, we tried to have more efficient production at smaller plants by utilizing outsourcing.

AEC has been transforming themselves to generate profits within limited investments in a speedy manner.

2. Management: Better Investment, AEC

AEC's ROIC level is high compared with competitors.



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Such management efforts are demonstrated on financial figures.

In this slide, 2011 results for Japanese competitors are mapped with operating income margin on x axis and ROIC on y axis. All of them are considered as excellent companies in the industry, and green is our AEC.

Although our operating income margin declined temporarily due to Thai flooding in FY11, we forecast it to be around 6% this year, ensuring a similar margin level as other players.

ROIC has already exceeded 6% and we forecast to go over 10% in fiscal 2012.

We are committed to make efforts to build a strong business characteristics in AEC by improving investment efficiency.

■ **Generation of Corporate Value**

1. **Business Growth**

2. **Stronger Management**

3. **Response to Changes**

The Great East Japan Earthquake

Flooding in Thailand

We have faced unprecedented 'changes' last year, which we hardly expected in the past, such as Great East Japan Earthquake and Thai flooding.

3. Response to Changes: Measures Taken

- Omron fulfilled its responsibility as a supplier by parts procurement and alternative site production.
- Promoting multi-site production to avoid political and disaster risks.



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We learned a lesson from Great East Japan Earthquake when we declared to 'take a supply responsibility,' and it allowed us to take speedy actions including component procurement at the time of Thai flooding. Omron AEC factory was directly damaged by the disaster, but it only needed us 4 days to recover ourselves as we have already addressed our data infrastructure after the March 11 disaster.

We have also started to organize Asian production network across divisions, which we never thought of in the past, to be prepared for potential political or natural disaster risks. We intend to strengthen production capacity in Asia in mid and long term.

Omron will keep challenging itself in responding to external changes to become an even stronger company.

Risks

Natural
Disasters

Economic
Slowdown

To Dos

- Team Omron bond
- Global business process reform
- Stronger and higher profitability through structural reform
- Balanced operation with multi-business portfolio

Omron has grown to be stronger as a company by experiencing changes instead of lamenting over them, and we hope to continue doing that.

As our mainstay business being factory automation, we were greatly affected by the economy.

However, we proceeded with structural reforms and each business has become stronger by reinforcing characteristics.

HCB and SSB have gained earnings capability to support businesses when economy becomes unstable, which helped the company to maintain targets despite tough business environment this year.

We cannot ignore a possibility of unexpected disasters or large 'changes' in the market in the future.

So, we will continue to build further stronger characteristics by transforming risks into opportunities.

Investments & Returns: Priority

- Omron sees investments for growth more important for now.
- For shareholder returns, ready to flexibly take measures including buyback, considering M&A and other financial conditions.

		FY	01	02	03	04	05	06	07	08	09	10	11	Total (FY01-11)
		Unit												
Net Income		bn JPY	-15.8	0.5	26.8	30.2	35.8	38.3	42.4	-29.2	3.5	26.8	16.4	175.7
Dividends	Annual, per share	JPY	13	10	20	24	30	34	42	25	17	30	28	273
	Annual, total	bn JPY	3.3	2.4	4.8	5.7	7.0	7.8	9.3	5.5	3.7	6.6	6.2	62.4
	Dividend payout ratio	%	-20.9%	475.3%	17.8%	18.9%	19.7%	20.5%	22.0%	-18.9%	106.4%	24.7%	37.6%	35.5%
Acquisition of treasury stock	Amount acquired	bn JPY	0.7	10.2	8.4	3.1	10.1	11.2	22.3	3.0	0.0	0.1	0.0	69.2
	Acquisition/net income ratio	%	-4.6%	2000.0%	31.4%	10.2%	28.2%	29.3%	52.7%	-10.3%	0.4%	0.5%	0.1%	39.4%
Total return ratio (dividends & treasury stock acquisition)		%	-25.4%	2475.3%	49.2%	29.1%	47.8%	49.7%	74.7%	-29.1%	106.7%	25.2%	37.7%	74.9%
DOE		%	1.1%	1.2%	1.1%	1.9%	1.7%	2.0%	2.2%	3.2%	1.0%	1.7%	2.1%	1.8%

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Let me also touch on shareholder returns.

Although we have committed to 20% dividend payout ratio, we are gradually raising to 24.7% in FY2010 and 37.6% in FY2011.

As a result of our effort to provide stable dividends even under tough business period, our payout ratio averaged at around 35% for 11 years.

On the other hand, our total return ratio for the last 11 years was about 75%.

In the past, there was a time when we were continuously aggressive in share buybacks, but we have prioritized on future investments mainly for IAB for the time being due to continued uncertain situations driven by business environment changes after the financial crisis. However, we plan to balance flexibly between investments or M&As for growth and shareholder returns, factoring in capital conditions in the future.

Higher Corporate Value

Shareholder-Oriented Management

**Thank you for your confidence in
Omron's growth.**

The last, but not the least, let me repeat my thoughts.

I intend to increase Omron's corporate value, which I believe is a role to be taken by the management. I will strive for making Omron a truly valuable company socially needed.

I will be dedicated to shareholder-oriented business management, paying special attention to management indicators and running the company to increase capital efficiency.

Omron will become stronger as a company as we go through and address various changes.

I hope you stand by to support Omron, as we transform risks into opportunities to grow.



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2. Projected results and future developments are based on information available to the Company at the current time, as well as certain assumptions judged by the Company to be reasonable. Various factors could cause actual results to differ materially from these projections. Major factors influencing Omron's actual results include, but are not limited to, (i) economic conditions affecting the Company's businesses in Japan and overseas, (ii) demand trends for the Company's products and services, (iii) the ability of the Company to develop new technologies and products, (iv) major changes in the fundraising environment, (v) tie-ups or cooperative relationships with other companies, (vi) movements in currency exchange rates and stock markets, and (vii) accidents and natural disasters.