New Automation Solutions for a Changing World
Omron Corporation is commemorating the 80th anniversary of its founding.
Message from the President

Omron Reaches 80-Year Milestone

On its way to becoming a sustainable company that contributes to the global society through innovative products and services

The Milestone of 80 Years
Omron Corporation celebrated the 80th anniversary of its founding on May 10, 2013. Reaching this milestone could not have been done without your support, for which I am most grateful.

In the 80 years since Omron’s founding, the world has changed dramatically. In 1933, the world’s population was around 2 billion; today, it exceeds 7 billion. Not only that, per capita GDP has increased by roughly four times and the average lifespan has nearly doubled. Throughout its 80-year history, Omron has taken on countless challenges as it pursued technological innovation ahead of social needs. By creating new value centered on automation, I am confident that we contributed to the sound and sustainable growth of society and the improvement of people’s lives.

Omron has grown by leaps and bounds and is now a global leader in the field of automation with over 35,000 employees working in more than 110 countries around the world.

Omron’s core corporate value is “Working for the benefit of society.” This represents our commitment to coexist and grow in harmony with society. To accomplish this, everyone will work together to propel the Company forward to quickly uncover latent social needs around the world and provide products and services to contribute to the sustainable development of society.

Fiscal 2012 Performance and Shareholder Returns
In fiscal 2012, of our five mainstay businesses, Automotive Electronic Components Business (AEC), Social Systems, Solutions and Service Business (SSB), and Healthcare Business (HCB) saw favorable growth in sales. As a result, overall net sales increased 5.0% year on year to ¥650.5 billion, and operating income was up 13.0%, to ¥45.3 billion.

Pursuit of Higher Corporate Value
In pursuit of higher corporate value, we emphasize capital efficiency in our management. To that end, we have been utilizing return on invested capital (ROIC) as an internal management index. In April 2013, we disclosed our consolidated ROIC target. In order to facilitate our efforts on this front, we established the new position of Chief Financial Officer (CFO) in fiscal 2013. This is a change that I advocated myself based on the belief that it would help accelerate our decision making, improve the quality of management, and heighten corporate value.

In Value Generation 2020 (VG2020), the long-term management strategy released in July 2011, we declare our dedication to growth. The first three years of the 10-year period leading up to 2020 have been designated as the “GLOBE STAGE,” during which we will target operating processes. These steadfast efforts led to a 0.3-percentage-point rise in the gross profit margin, to 37.1%.

To shareholders, we paid total annual cash dividends of ¥37.00 per share, including a commemorative dividend of ¥5.00 per share and up from ¥28.00 in fiscal 2011. This resulted in a dividend payout ratio of 27.0% and a dividend on equity (DOE) ratio of 2.4%. In fiscal 2012, we raised the defined minimum for the dividend payout ratio from 20% to 25%, targeting a 2% DOE ratio in consideration of stable dividend payments.

Further, we cancelled a portion of treasury stock and introduced a shareholder benefit program to enhance shareholder returns.

To Become a Company That Society Requires
Omron will remain dedicated to resolving the numerous issues facing people through its business. We will strive to make Omron a company that people around the world require, with high expectations.

I would like to ask for your continued support.

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Omron’s 80-Year History

Continuing to Grow by Contributing to the Sustainable Development of Society

The corporate core value of “Working for the benefit of society” lies at the heart of the Omron Principles. Until today, we have continued to be a pioneer in contributing to the development of a sustainable society as a proactive benefactor.
Omron’s 80-Year History

A History of Creating Social Innovations Using Advanced Technologies

Omron founder Kazuma Tateishi with engineers

1943
First domestically produced micro switch

1960
World’s first non-contact switch

Developing products to tackle the electricity crises that followed World War II

In May 1933, Kazuma Tateishi founded Tateisi Electric Manufacturing Co., Omron’s predecessor. In the years that followed, the company continued to create products that were the first in Japan or in the world.

1948
Current limiter

In 1948, the company was reborn as Tateisi Electronics Co. after succeeding in the mass-production of the current limiters it had developed to tackle the electricity crises that followed World War II.

Anticipating the coming of the age of automation, Omron declared 1955 as “Year One of Automation.” Since then, it has continued to evolve these operations while working to equate the Omron name with technology.

Hands-on programming experience corner at Sysmac exhibition

Promoting automation at production sites

At a time when automation in the manufacturing industry was trending toward high-mix, low-volume production, Omron was quick to realize the need for controllers with high-processing speeds that allowed programs to be rewritten. Omron developed a sequence programmer for machine tools in 1968, and then in 1972 it released the revolutionary programmable sequence controller called Sysmac. After this, Omron continued to promote the standardization of program control manufacturing styles, making large contributions to spreading automation and improving productivity in factories.

Realizing improved operational efficiency and automation of railway operations

To respond to the needs for improved operational efficiency and automation in railway operations, Omron introduced its multi-function automated ticket vending machine into Kobe Station of Japanese National Railways (currently Japan Railways Group) in 1965. Later, in 1966, Omron developed automated ticket gates through a joint effort with Kinki Nippon Railway and Kinki Sharyo Research Institute. In 1967, three years before Expo ’70 was held in Osaka, Omron introduced the world’s first fully unmanned train station system into Kita-Senri Station of Hankyu Railway.

1967
World’s first fully unmanned train station system

1960
Central R&D Laboratory after completion of construction

Leading the times with an unrelenting intrepid spirit

The origins of Omron’s innovation lie in X-ray timers, followed by the first domestically produced micro switch and the world’s first non-contact switch, all developed to lead industrial innovation.

1943
First domestically produced micro switch

1960
World’s first non-contact switch

1960s → 1970s

Responding to the cybernation revolution

Facing the age of automation

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Omron’s history is an 80-year story of contributing to society through automation technologies.

Social Systems, Solutions and Service Business (SSB)

Industrial Automation Business (IAB)

Electronic and Mechanical Components Business (EMC)
Omron’s 80-Year History
Contributions to the Development of a Safer and More Comfortable Global Society

1970s → Present
Meeting the needs of the advanced information age

Contributing to healthcare by people moved by ideals and dreams
Measuring one’s blood pressure at home—this is something that would have been unimaginable around 30 years ago. Today, the importance of monitoring one’s blood pressure at home is well known, but at the time it was commonly recognized that such monitoring was a doctor’s job. Omron’s blood pressure monitors are now used in more than 110 countries around the world. This accomplishment required these devices to undergo clinical trials at medical institutions and be made compliant with legal regulations and for us to develop sales channels and educate people with regard to the use of the monitors. In these efforts, countless people were moved by ideals and by the dream of contributing to healthcare by moving these devices out of the hospital to the home.

Supporting the evolution of motoring societies with our automotive electronics business
Omron commenced full-fledged participation in the automotive electronics business in 1983. Since then, we have created numerous technologies as we constantly developed new products in response to customer needs. In the future, society will expect automobiles to be more eco-friendly and more comfortable and convenient while also being safer and more reliable. Omron will continue to pursue innovation as it works to further evolve motoring societies and provide them with new value.

Present → Future

Passing the waypoint of 80 years to advance toward the next challenge
Creating definite value in Asia and around the world

The milestone of 80 years marks the end of one chapter in Omron’s history; at the same time, it represents a waypoint. We are not satisfied with our current position, and we will continue working to quickly uncover social needs related to safety, security, healthcare, and the environment, which we will address by using new automation technologies. In this way, we will support people in living more comfortable and fulfilling lives around the world.

Omron’s new quest to create global value has only just begun.

Contributing to Chinese society
Looking to contribute to industrial development in China, Omron expanded outsourcing production to Shanghai Huayi Electronic Factory in 1980. After this, Omron expanded its Chinese operations, establishing numerous distributors, joint venture companies, and even companies created through its own investment. In 1994, the Company was converted into a holding company, marking the first time for the Chinese government to permit a Japanese manufacturer to establish such a company in China. Today, Omron’s operations in China are realizing strong growth and are making large contributions to the development of the Chinese economy and society.

With the aim of making Omron a globally recognized brand, Omron began expanding its business overseas in the 1960s. In accordance with its global expansion policy of “planning, manufacturing, and selling globally,” Omron began establishing regional management centers in the late 1980s, developing centers in the Netherlands, Singapore, the United States, and finally China.

Omron Corporation
Omron’s Businesses
Committed to contributing to the development of emerging countries and other societies through our business activities:
• Industrial Automation
• Electronic and Mechanical Components
• Automotive Electronic Components
• Social Systems
• Healthcare
• Environmental Solutions
Creating the unique type of value that only Omron can.

Industrial Automation Business (IAB)
Omron’s mainstay business, leading the innovation of global manufacturing through factory automation (FA)
More than 100,000 FA controllers, sensors, switches, relays, and safety devices to help improve the productivity of manufacturing facilities. Omron boasts the top share of the Japanese market for control equipment and has operations in more than 40 countries and 160 regions, including China and countries in Europe, North America, and the rest of Asia.

Electronic and Mechanical Components Business (EMC)
Providing the global market with sophisticated components that create beneficial relationships between people and machines in a variety of fields
Relays, switches, connectors, and other fundamental components for use in industrial equipment, consumer and commercial products, automotive equipment, and various other items. Components that are steeped in our superior technologies and have developed over our long history of operation.

Automotive Electronic Components Business (AEC)
Undertaking new challenges in the automotive electronics field to help make automobiles safer and friendlier toward people and the environment
Power window switches with anti-pinching functions, keyless entry systems, and various other products that utilize our highly functional controller, sensor, switch, and relay technologies to make motoring safer and more comfortable.

Social Systems, Solutions and Service Business (SSB)
Offering diverse systems for social infrastructure to assist making society safer and more comfortable for everyone
Includes train station solutions, such as automated ticket gates and ticket vending machines, as well as traffic control systems and other road traffic solutions.

Healthcare Business (HCB)
Providing a comprehensive product lineup to support daily healthcare efforts, whether at home or at medical facilities
Digital blood pressure monitors highly accurate and easy to use at home, with the number one share of the global market. Continually introducing new healthcare products and services into the global market, including thermometers, nebulizers, and pedometers.

Other Businesses
Exploring and developing new businesses outside the realm of the main five segments / Environmental solutions business and other operations playing an important part in advancing the Omron Group’s growth strategy
Energy conversion and control technologies to help maximize energy efficiency with regard to energy creation, storage, and saving, and plug-in module PC and uninterruptible power supply units to provide security and reliability for the IT and industrial equipment markets.
Industrial Automation Business

IAB’s product lines comprise devices for sensing lighting, imaging, vibration, temperature, and humidity levels, location, speed, and other data necessary for the operation of manufacturing equipment, control and motion devices that process large volumes of data in real time and useful information and execute optimal control, and display and operating devices that monitor the control status at the production site and enable configuration and adjustment. Interconnecting IAB’s devices for data communication enables high-speed, high-precision control to contribute to enhancing “quality, safety, and the environment” at the production site.

Safety Equipment

IAB’s safety equipment meets international safety standards and contributes to the creation of a safe workplace environment by automatically sounding an alarm or safely shutting down machinery when a worker enters a defined danger zone in a factory.

Automated Optical Inspection Devices

IAB’s automated optical inspection devices use visual cameras and other means to detect defective products, thereby helping production processes to be automated.

Information

- Relays and Switches
  - Relays are composed of electromagnets that convert electric signals to mechanical movement and switches that turn electricity on and off. Relays and switches are used in virtually all electric and electronic devices, including refrigerators, microwave ovens, and air conditioners.

- Transmitter Key and Engine Start Systems
  - Entry systems enable car doors to be locked and unlocked by touching the door handle or pressing a switch for the door without taking out the transmitter key.

- Train Station Solutions
  - SSB provides systems solutions, including the newest models for automated ticket gates and ticket vending machines using universal design concepts, to increase the comfort and efficiency of train stations.

- Healthcare and Medical Devices for Home Use
  - HCB supports the health of individuals by connecting daily personal health management at home and disease management at medical institutions.

- PV Inverters for Solar Power Generation Systems
  - These PV inverters are used to convert the solar energy generated by solar panels into AC electricity usable in the home. They contribute to the spread of solar power systems, a source of renewable energy, by giving engineers more freedom of design and improving system efficiency.

- LCD Backlights
  - Microarray technology with several million micro-sized micro-lenses to maximize light utilization efficiency contributes to brighter and thinner mobile phones with lower power consumption.

- Micro Devices
  - Omron provides new applications centering on micro electrical mechanical systems (MEMS).
Omron’s Global Network

Local-oriented business in 35 countries and regions across the globe, including Japan. More than 35,000 Group employees actively express their values and appreciate others, strongly bonded toward creative innovations.

Countries and Regions with Omron Bases

- Americas
  - Brazil
  - Canada
  - Mexico
  - The United States
- Europe (Including Europe, Russia, Africa, and the Middle East)
  - Austria
  - Belgium
  - The Czech Republic
  - Denmark
  - Finland
  - France
  - Germany
  - Hungary
  - Italy
  - The Netherlands
- Greater China
  - China
  - Hong Kong
  - Taiwan
- Asia Pacific
  - Australia
  - India
  - Indonesia
  - Malaysia
  - New Zealand
  - Singapore
  - South Korea
  - Thailand
  - Vietnam

Direct Exports
- 1.6% ¥10.6 billion
- Asia Pacific
  - 8.4% ¥54.8 billion
- Greater China
  - 16.3% ¥106.3 billion
- Europe
  - 12.4% ¥80.5 billion
- Americas
  - 12.4% ¥80.4 billion

Ratio of overseas sales to net sales
51.1%

FY2012 Consolidated Net Sales by Region
¥650.5 billion

Ratio of overseas employees to total employees
67.7%

FY2012 Employee Numbers by Region
35,411

As of March 31, 2013
## Omron through the Year

### Consolidated net sales

<table>
<thead>
<tr>
<th>Month</th>
<th>Current Year</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>¥149.9 billion</td>
<td>–1.0%</td>
</tr>
<tr>
<td>May</td>
<td>¥154.3 billion</td>
<td>+1.7%</td>
</tr>
<tr>
<td>June</td>
<td>¥186.8 billion</td>
<td>+12.1%</td>
</tr>
</tbody>
</table>

### Consolidated operating income

<table>
<thead>
<tr>
<th>Month</th>
<th>Current Year</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>¥9.8 billion</td>
<td>–7.1%</td>
</tr>
<tr>
<td>May</td>
<td>¥8.2 billion</td>
<td>–32.7%</td>
</tr>
<tr>
<td>June</td>
<td>¥9.9 billion</td>
<td>+32.7%</td>
</tr>
</tbody>
</table>

### Management Topics

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr. 9</td>
<td>Press Release</td>
</tr>
<tr>
<td>June 1</td>
<td>Agreement reached between Sobal Corporation and Omron; collaboration between two companies leads to development of system for tracking production activities and opening ceremony held at new factory of Orlando CONTROL COMPONENTS Co., Ltd., designed to be the No.1 automated EMC factory in China</td>
</tr>
<tr>
<td>June 12</td>
<td>Press Release</td>
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<tr>
<td>June 24</td>
<td>Joint establishment of docomo Healthcare, Inc., a company that plans, develops, and provides healthcare services, by NTT DoCoMo, Inc., and HCB</td>
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### Product-Related Topics

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<tbody>
<tr>
<td>Apr. 13</td>
<td>Press Release</td>
</tr>
<tr>
<td>Jan. 25</td>
<td>Receipt of METI Minister’s Prize in New Energy Grand Prix Program for promoting an eco-conscious initiative for plant diagnostic and optimization through Andon environmental information system</td>
</tr>
<tr>
<td>Jan. 30</td>
<td>Announcement of joint project to utilize big data at production sites by Microsoft Japan and Omron; collaboration between two companies leads to development of system for tracking production activities</td>
</tr>
<tr>
<td>March 7</td>
<td>Press Release</td>
</tr>
<tr>
<td>March 20</td>
<td>Development of hand gesture recognition technology that makes trigger motion unnecessary when combined with face-sensing technologies</td>
</tr>
<tr>
<td>May 10</td>
<td>Press Release</td>
</tr>
<tr>
<td>May 28</td>
<td>Press Release</td>
</tr>
<tr>
<td>Aug. 23</td>
<td>Press Release</td>
</tr>
<tr>
<td>Aug. 24</td>
<td>Press Release</td>
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### Social Systems, Solutions and Service Business (SSB)

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<tr>
<td>Donation of US$20,000 from sales proceeds of KM Series of electricity monitors to assist post-Great East Japan Earthquake reconstruction</td>
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<tr>
<td>Commencement of joint venture between Omron (China) Co., Ltd., and Hangzhou Tongling Automation Co., Ltd., a system integrator and sales agent</td>
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### Other Businesses

<table>
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<tr>
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<tr>
<td>Donation of ¥1,732,000 from sales proceeds of KM Series of electricity monitors to assist post-Great East Japan Earthquake reconstruction</td>
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</table>

## News Release

### April 13

**Receipt of Award for Excellence in Japan Electrical Manufacturers’ Association 2012 (61st) Electrical Industrial Technology Achievement Awards**

- **Event:** Development of MEMS absolute pressure sensor with world-class sensitivity and power efficiency
- **Date:** April 13

### June 1

**Announcement of joint project to utilize big data at production sites by Microsoft Japan and Omron; collaboration between two companies leads to development of system for tracking production activities and opening ceremony held at new factory of Orlando CONTROL COMPONENTS Co., Ltd., designed to be the No.1 automated EMC factory in China**

### June 12

**Establishment of regional head office in Brazil strengthens operations in this country’s market, an emerging market prioritized after India**

### June 24

**Joint establishment of docomo Healthcare, Inc., a company that plans, develops, and provides healthcare services, by NTT DoCoMo, Inc., and HCB**

### Aug. 24

**Opening ceremony held at new factory of Orlando CONTROL COMPONENTS Co., Ltd., designed to be the No.1 automated EMC factory in China**

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## Social Systems, Solutions and Service Business (SSB)

- **Event:** Donation of US$20,000 for relief of hurricane victims in eastern United States

## Healthcare Business (HCB)

- **Event:** Agreement reached between Sobal Corporation and Omron; collaboration between two companies leads to development of embedded software

## Other Businesses

- **Event:** Donation of ¥18,723,000 from sales proceeds of KM Series of electricity monitors to assist post-Great East Japan Earthquake reconstruction
### 11-Year Financial Highlights

**Omron Corporation and Subsidiaries**

#### FY2002 – FY2010

<table>
<thead>
<tr>
<th>Years</th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars (Note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥522,535</td>
<td>$5,757,167</td>
</tr>
<tr>
<td>Gross profit</td>
<td>201,816</td>
<td>235,460</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>133,406</td>
<td>151,185</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>40,235</td>
<td>46,494</td>
</tr>
<tr>
<td>Operating income</td>
<td>28,175</td>
<td>32,427</td>
</tr>
<tr>
<td>EBITDA (Note 2)</td>
<td>57,851</td>
<td>65,427</td>
</tr>
<tr>
<td>Net income (loss) attributable to shareholders</td>
<td>511</td>
<td>6,811</td>
</tr>
<tr>
<td>Cash Flows (for the year):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>41,854</td>
<td>80,687</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(30,633)</td>
<td>(34,484)</td>
</tr>
<tr>
<td>Free cash flow (Note 3)</td>
<td>11,221</td>
<td>46,203</td>
</tr>
<tr>
<td>Financial Position (at year-end):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>567,399</td>
<td>592,273</td>
</tr>
<tr>
<td>Total interest-bearing liabilities</td>
<td>71,260</td>
<td>56,687</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>251,610</td>
<td>305,810</td>
</tr>
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</table>

#### FY2011 – FY2020

<table>
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<tr>
<td>Net sales</td>
<td>¥575,157</td>
<td>$6,498,598</td>
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<td>235,460</td>
<td>261,184</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>151,185</td>
<td>177,598</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>46,494</td>
<td>52,315</td>
</tr>
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<td>32,427</td>
<td>37,819</td>
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<td>71,021</td>
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<td>6,811</td>
<td>26,782</td>
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<tr>
<td>Total assets</td>
<td>592,273</td>
<td>585,429</td>
</tr>
<tr>
<td>Total interest-bearing liabilities</td>
<td>56,687</td>
<td>24,759</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>305,810</td>
<td>306,810</td>
</tr>
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### Per Share Data:

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</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ equity</td>
<td>1,036.0</td>
<td>1,148.3</td>
<td>1,284.8</td>
<td>1,548.1</td>
<td>1,660.7</td>
<td>1,662.3</td>
<td>1,564.5</td>
<td>1,391.4</td>
<td>1,421.0</td>
</tr>
<tr>
<td>Cash dividends (Note 4)</td>
<td>10.0</td>
<td>20.0</td>
<td>24.0</td>
<td>30.0</td>
<td>34.0</td>
<td>42.0</td>
<td>25.0</td>
<td>17.0</td>
<td>30.0</td>
</tr>
</tbody>
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### Ratios:

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</thead>
<tbody>
<tr>
<td>Gross profit margin</td>
<td>38.6%</td>
<td>40.9%</td>
<td>41.0%</td>
<td>37.8%</td>
<td>38.4%</td>
<td>38.4%</td>
<td>34.8%</td>
<td>35.1%</td>
<td>37.5%</td>
</tr>
<tr>
<td>Operating income margin</td>
<td>5.4%</td>
<td>8.6%</td>
<td>9.1%</td>
<td>9.9%</td>
<td>8.6%</td>
<td>8.6%</td>
<td>9.1%</td>
<td>2.5%</td>
<td>7.8%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>11.1%</td>
<td>13.4%</td>
<td>13.9%</td>
<td>14.9%</td>
<td>13.3%</td>
<td>13.3%</td>
<td>6.2%</td>
<td>7.6%</td>
<td>11.5%</td>
</tr>
<tr>
<td>Return on shareholders’ equity (ROE)</td>
<td>0.2%</td>
<td>10.2%</td>
<td>10.4%</td>
<td>10.7%</td>
<td>10.3%</td>
<td>11.3%</td>
<td>8.7%</td>
<td>8.7%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Ratio of shareholders’ equity to total assets</td>
<td>44.3%</td>
<td>46.4%</td>
<td>52.2%</td>
<td>61.6%</td>
<td>60.7%</td>
<td>59.7%</td>
<td>55.4%</td>
<td>57.5%</td>
<td>59.7%</td>
</tr>
<tr>
<td>Total return ratio (Note 5)</td>
<td>2475.3%</td>
<td>49.2%</td>
<td>29.1%</td>
<td>47.8%</td>
<td>49.7%</td>
<td>74.7%</td>
<td>28.1%</td>
<td>106.7%</td>
<td>25.2%</td>
</tr>
</tbody>
</table>

### Notes:

2. EBITDA = Operating income + Depreciation and amortization
3. Free cash flow = Net cash provided by operating activities + Net cash used in investing activities
4. Cash dividends per share represent the amounts applicable to the respective year, including dividends to be paid after the end of the year.
5. Total return ratio = (Total dividends paid + Amount of Company’s own shares repurchased) / Net income (loss) attributable to shareholders

### Operating Income:

Omron applies the “single step” presentation of income under U.S. GAAP (that is, the various levels of income are not presented in the consolidated statements of income. For easier comparison with other companies, operating income is presented as gross profit less selling, general and administrative expenses and research and development expenses.

### Discontinued Operations:

Figures for FY2009 and prior years have been restated to account for businesses discontinued in FY2007.

### Long-term corporate vision

**Grand Design 2010 (GD2010)**

- **1st Stage** Establishing a Profit Structure
  - Concentrating on cost structure reform and restructuring the Company as a profit-generating business
  - Achievements:
    - ROE of 10%
    - Withdrew from unprofitable business, spun off from the Healthcare Business
    - Raised the level of corporate governance to the global standard

- **2nd Stage** Balancing Growth and Earnings
  - Reinforcing business foundations through aggressive investment in growth areas, such as M&A, and cost cutting
  - Achievements:
    - Increased EPS (Earnings per Share) from ¥110.7 (FY2003) to ¥150.9 (FY2007)

- **3rd Stage** Achieving a Growth Structure
  - Fortification of growth business (high profitability)
  - Achievements:
    - Revived the level of corporate governance

**Revival Stage**

- May 2010: Spun off the Automotive Electronic Components Business
- April 2011: Spun off the Social Systems, Solutions and Service Business

**Establishment of profit and growth structures on a global basis**

- 
  - Established businesses in high-growth areas
  - 
  - Achieved a 
  - 
  - New value generation for growth

**GLOBE STAGE (FY2011 – FY2013)**

- 
  - Sales: ¥710 billion
  - Operating income: ¥88 billion
  - Gross profit margin: 39%
  - Operating income margin: 8.2%

**EARTH STAGE (FY2014 – FY2020)**

- 
  - Sales: ¥1 trillion
  - Operating income: ¥150 billion or higher
  - Operating income margin: 15% or higher

**Notes:** Target figures were revised in April 2013.
Financial and Non-Financial Highlights

Net Sales and Operating Income

Operating Income Margin

Cost Composition

Net Income (Loss) Attributable to Shareholders and Return on Shareholders’ Equity (ROE)

Earnings per Share (EPS) and Price-Earnings Ratio (PER)

Net Sales per Employee

Capital Expenditures and Cash Flows

Cash Dividends per Share

CO₂ Emissions Volumes

Energy Usage

Environmental Contribution of Products and Services

Employee Ratios

Ratio of Participation in Human Rights Training

Ratio of Social Contribution Activity Expenditures by Type (Fiscal 2012)

Ratio of Employees with Disabilities to Total Employees

Earnings in billions of yen, operating income in percentage of operating income.
Where We’re Headed

Interview with the President

How are the strategies of the “GLOBE STAGE” progressing, and what initiatives are being implemented in preparation for the following “EARTH STAGE”?

First of all, I have to tell you that we made a downward revision to the performance targets for the “GLOBE STAGE.” Originally, we targeted net sales of ¥750.0 billion, operating income of ¥100.0 billion, and a gross profit margin of 42%, but we revised these targets to net sales of ¥710.0 billion, operating income of ¥68.0 billion, and a gross profit margin of 39%. It was a hard decision, but one that was fully considered. One reason for the revision was out-of-control external factors, including unfavorable foreign exchange rates, natural disasters, and global economic recession. However, we admit that there were also internal issues, such as our vulnerability to foreign exchange. We have already taken steps to address this issue. Also, performance in the Industrial Automation (IA) Business, which is sensitive to capital investment trends, was lower than expected.

Looking on the brighter side, we’ve been on the right course in that the GLOBE STAGE is a period for the establishment of profit and growth structures on a global basis. We conducted necessary investments, centered on the core IA Business (IAB & EMC), regardless of the harsh operating environment. These investments were geared toward developing competitive products and expanding sales networks in emerging countries. We intend to turn these investments into success. While up until just recently a headwind has been blowing in the external operating environment, it is possible that this may change to a tailwind. Should this occur, the investments and preparations we have advanced until now will generate substantial returns, particularly in the factory automation (FA) markets of emerging countries, where demand will be supported by economic growth, higher personnel expenses, and rising quality consciousness. While the IA Business may face ups and downs in its growth pace, it is sure to realize growth over the long term.

Profit structure reforms were another area of focus. We have implemented measures to minimize the impacts of foreign exchange rate fluctuations, steadily constructing profit structures that are resilient to external changes. Profitability is also being boosted in non-IA Business, such as AEC, SSB, and HCB. In addition, our environmental solutions business, a new area of focus, is developing into a highly promising business by generating revenues at a faster pace than had been initially anticipated.

While implementing reforms, we are also taking action with the next EARTH STAGE now in view. In the EARTH STAGE, our focus will be targeting new value generation for growth. We are allocating management resources to focus businesses to facilitate the development of the new products and sales networks that will be necessary for future growth.

Q1

We conducted necessary investments, centered on the core IA Business, regardless of the harsh operating environment.

Yoshihito Yamada
President and CEO

Interview with the President

Complete the GLOBE STAGE!

Transform Omron into a stronger company that demonstrates synergies between growth potential, profitability, and responsiveness to change

Policy for Fiscal 2013

Tasks

1. Reinforcement of IA Business
2. Sales expansion in emerging markets
3. Focus on environmental solutions business
4. Profit structure reform
5. Strengthening of global human resources

VG2020 Scenario

Establishment of profit and growth structures on a global basis

Creation of new business for the “Optimization of Society”

Maximization of Industrial Automation Business

Growing in emerging markets

Profit structure reform

Global human resources strengthening

GLOBE STAGE

EARTH STAGE

FY2011 FY2013 FY2020

Net sales

Establishment of profit and growth structures on a global basis
New value generation for growth

Creation of new business for the “Optimization of Society”
Growth in emerging markets
Profit structure reform
Global human resources strengthening
Where We’re Headed

What are your projections for the environmental solutions business and other businesses that address social needs?

Let me take our HCB and environmental solutions business as examples. HCB aims to contribute to improving the health of people around the world through its products. Presently, we are seeing a rise in the number of sufferers of respiratory illnesses in emerging nations, where air pollution issues are growing ever graver. In addition, changes in lifestyle environments are resulting in an increase in the number of people with high blood pressure, diabetes, and other cardiovascular related diseases, and this is becoming a serious social issue. In this market environment, contributing to healthcare will require higher awareness whereby people monitor and manage their health condition at home as well as in hospitals. Should the concern for disease prevention rise in emerging countries, it could lead to a decrease in serious event risks related to heart attacks, strokes, or other infections. To facilitate such a change, Omron is working to foster proper understanding with regard to health issues among practitioners, such as doctors and pharmacists, and patients alike. At the same time, we are developing and selling easy-to-use healthcare devices to meet the local circumstances and specific demand. HCB currently operates in more than 110 countries around the world, and we are actively expanding sales channels in this business with a particular focus on emerging nations. In fiscal 2012, this focus area recorded a 30% year-on-year increase in sales on a yen basis. In fiscal 2013, we will aggressively develop the business to increase our contribution to addressing growing healthcare issues.

In the environmental solutions business, we are working to resolve social issues in the clean energy field through the sale of PV inverters for solar power generation systems and DC power relays for electric vehicles. In particular, installations of PV inverters doubled in fiscal 2012 due to the benefits of the feed-in tariff scheme for renewable energy that was launched in Japan during July 2012. We expect the market will expand in light of concerns for the depletion of fossil fuel reserves and environmental pollution, such as that from CO2 emissions.

Personally, I have the highest expectations for energy-saving businesses in the FA market. Energy management at production sites will be more important than ever to lead to an expansion of business opportunities for the Company. Omron itself is vigorously advancing electricity-saving initiatives at its plant in Kyoto. By leveraging the knowledge gained through this venture, we will grow energy-saving businesses targeting manufacturing markets around the world.

You mentioned transforming Omron into a stronger company that demonstrates synergies between growth potential, profitability, and responsiveness to change. What exactly do you mean by “responsiveness to change”?

Put simply, it’s the ability to transform risks and changes into opportunities, and when I say changes I am referring to both positive and negative changes. We can’t do business without taking negative changes and risks into consideration. We must take steps to limit the impacts of risks on our business. Even an unprecedented event, such as the Great East Japan Earthquake of 2011, must be incorporated into medium-to-long-term management plans. For example, based on what we learned from the earthquake, we reevaluated our production sites in consideration of the risk of a large-scale natural disaster. And we developed systems that will allow the production operations at one site to be quickly shifted to another should that site be rendered temporarily unable to produce. I believe that the ability to create benefits from risks is one form of responsiveness to change.

Moreover, as a global company, we need to respond to changes on a global scale. Over the past two years, we have placed a particular focus on making our operations more resilient to fluctuations in foreign exchange rates and rises in personnel expenses in emerging nations. Faced with the strong yen, we worked to limit the impacts of foreign exchange on profits by increasing transactions in foreign currencies, procuring more items locally, and other means. Also, we installed automation systems into our own factories in China and other Asian countries to offset the rise in personnel expenses in these countries.

At the same time, we recognize that positive changes represent opportunities we must grasp. Since the introduction of the “Abenomics” economics stimulus plan, the too-high yen became weaker and export-oriented companies in Japan are tending healthy. We are working to quickly reap the benefits of these and subsequent accompanying market changes, seeking to turn the various risks and changes that surround the Company into opportunities so that we may transform Omron into a stronger company.

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Enhancing corporate value—that’s our focus.

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How are you pursuing increased shareholder value in management?

To raise corporate value, we are looking at both the quantitative and qualitative sides of operations. For the quantitative side, we emphasize management of capital costs and cash flows in our operations.

Looking at capital costs to begin with, we utilize the management index of return on invested capital (ROIC) to ensure that each business generates returns that are appropriate in consideration of their individual capital costs. This index is considered from the stage of developing strategies for each business, and we evaluate investment projects and propose improvement measures for asset efficiency accordingly.

Next, we are focusing on cash flow management to realize growth. Currently, free cash flow is positive, and net cash is trending upward. While we are of course always considering returns to shareholders, at the moment we feel it is best to invest these funds in future growth, through such means as M&A activities.

Finally, to further reinforce this quantitative focus, from fiscal 2013, we have established the new position of Chief Financial Officer (CFO). We anticipate the CFO, by serving as the “brain” of the financial side of operations, will be a driving force in boosting both the quality and speed of decisions related to portfolio management.

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Where We’re Headed

proactively take on difficult tasks. For this reason, I hope to cultivate a superior corporate culture that will inspire employees to unite as a strong team that communicates openly and continues to endeavor to do great things, whether or not we hold such events.

Also, I am aware that communication forms the basis of a good corporate culture. In accordance with this belief, we hold “The KURUMAZA,” a meeting in which I speak directly with employees. In fiscal 2012, I visited a number of production sites, principally in Asia. No suit and tie, I walk around factories in work clothes and speak to the staff therein. Speaking face-to-face makes it easier for me to express myself and for employees to express themselves as well. This also enables me to directly learn issues in these worksites.

Outside of work, cheering on our women’s handball team is an important event. The Omron Handball Team has been reigning champion of the women’s league in Japan. As a handball player myself in my student days, I get over-excited when it comes to handball. Cheering our team with employees is thus a special occasion for me. In particular, the championship match of the Japan league, held in March 2013, was incredibly exciting as we rooted for our team until our throats were sore and shared in the victory together.

In closing, I would like to share with you something that is of exceptional importance to myself. This is the Omron Principles. Currently, roughly two-thirds of the employees that advance Omron’s international operations are non-Japanese. As such, a diverse range of values exist within the Company. For this reason, the Omron Principles play an important role as the binding force that unites all employees throughout the Group. The spirit embodied by these principles and our corporate motto guide us as we work to overcome cultural and language barriers and form a tightly knit team in which all members hold high ambitions. We continue to boldly take on new challenges to address global issues as we strive to make Omron a company that people around the world require, with high expectations. Please look forward to the future endeavors of Team Omron.
Where We’re Headed

Factory Automation (FA) Growing Together with People’s Lives

Evolution of Automation at Production Sites

By supporting factories, Omron has continued to contribute to the daily development of a more fulfilling and convenient society.

As the focus of production activities changed from people to machines, we have continued to advance technological innovation in the field of FA.

In the mid-20th century, automation was advancing in strides in developing nations. Omron declared 1955 as “Year One of Automation.” It was one of the first companies in Japan to begin developing and promoting the spread of relays, timers, and switches, all items that are indispensable in automating the movement of machines. Through those efforts, Omron helped drive the shift from people to machines as agents of production, thereby reducing human error brought about by extended work periods and subsequently improving production efficiency and making workplaces safer for people.

At the same time, we developed the base for mono zukuri (manufacturing) technology, which encompasses all aspects of product creation, including production and other processes, management systems, and quality management techniques. Omron created the world’s first contactless switch, which contributed to the development of machines that could conduct mass production without wear or malfunction. The realization of mass production resulted in ample supply of products being put on the market, helping consumers acquire the items they need with greater ease.

In 1972, Omron successfully developed its Sysmac programmable controller and continued to lead the advance of automation by proposing new value using its revolutionary technologies, such as its ultra-high-speed fuzzy logic controller and visual sensors that can play the part of human eyes, both world firsts. The advance of automation drove growth in the economy, which in turn made people’s lives more comfortable and convenient. We believe that such automation advancements made substantial contributions to Japan’s period of strong economic growth.

Development of Safer Workplaces

The advance of automation led to a decline in the need for humans to conduct dangerous tasks. However, as machines became more powerful, they eventually came to pose risks to people.

Omron identified that guaranteeing the safety of machines toward humans is an important theme and developed safety sensors, which automatically halt dangerous machines when a person approaches. At the same time, Omron actively promoted the standardization of automation safety regulations and transmitted information to educate the market with regard to safety, working to create safer production sites around the world.

Preservation of Natural Resources

When considering natural resources, it is clear that the energy used by machinery and the impure substances they emit represent serious environmental issues.

Omron has been proactive in making the automation equipment it produces lead-free and therefore more eco-friendly. In addition, we have developed more precise control technologies to prevent materials from going to waste due to the production of defective products.

To lower energy consumption, which is particularly high in the manufacturing industry, we have developed an array of sensing, display, and control equipment that contributes to energy savings. Further, we have created means of applying “Sensing and Control” technologies to energy to reduce consumption, and these technologies have been introduced into Omron’s own production sites.

Future Potential of Automation

FA around the World

Automation has undergone a startling evolution in Japan over the years. Today, the contributions of automation’s evolution are everywhere and automation technologies have spread throughout the lives of countless people.
Operations Well Established in Each Country

Industrial Automation Business (IAB) currently operates out of more than 160 bases in more than 40 countries.

IAB was quick to expand operations into Asia, a move that was partially based on geographic considerations. Over half of the world’s population is concentrated in this region, as emphasized by the presence of such “populous giants” as China and India, which boast the world’s first and second largest populations respectively, as well as by the ASEAN countries, which collectively represent the third largest population. Realizing the great potential for automation to contribute to the development of Asia, we were not hesitant in firmly establishing operations in this region, which we then utilized to continue our ongoing pursuit to further the advance of automation.

We began developing operations in China immediately after Sino-Japan trade relations were restored in 1972, and Omron founder Kazuma Tateishi proceeded to deepen relationships with this country thereafter. In the 1980s, we began outsourcing production to China, helping introduce our accumulated Japanese production technologies into this country. At the same time, we established sales outlets in major operating bases, enabling us to support the development of the Chinese economy with our state-of-the-art automation equipment. In the 1990s, we continued to develop production and sales bases while working to make these bases more locally operated. Later, in 2005, we consolidated three factories in China to make a facility that would become the core production and development base for the global development of IAB. This was the birth of Omron (Shanghai) Co., Ltd. (OMS).

Today, we have a comprehensive range of business functions well-established in China, including production, sales, development, planning, services, support, and research functions.

In addition, IAB has 98 sales bases in 11 countries throughout Asia, including Japan.

The development of operations in the Asia Pacific region began with the establishment of the OM-RON Singapore PTE LTD. in 1972. Later, we established our first production base in Malaysia. Since, we have continued to be a leader in Asia, quickly developing operations that are firmly established in Hong Kong, Taiwan, China, Indonesia, Thailand, Vietnam, India, and other areas.

Connection of Customer Feedback to All Areas of Operation

Today, it is more important than ever for us to position ourselves closer to customers so that we can quickly recognize their needs and use these to drive change. It is important to reflect market needs and changes as well as customer feedback into our products and services. Further, the feedback gained from customers who use the products and services creates through this process must once again be incorporated into products and services to spur us forward on the path of constant evolution. Through the ever revolving cycle of incorporating customer feedback into products and services, we are actively adapting our operations to the characteristics of individual regions. This cycle has led to the development of a rich lineup of services and support.

For example, our free e-learning courses are a form of service and support born out of the demand for ways to quickly and easily learn about the latest products and technologies. These courses provide comprehensive explanations of the fundamental mechanisms of equipment and their usage and are made available in 13 languages, including English, Chinese, Vietnamese, Thai, and Indonesian.

1. Automation Examples (India)

Food Packaging Equipment

Company A is a food packaging equipment manufacturer. As consumption trends accelerated in India, this company was faced with the need to further expand its production volumes. However, the equipment control system it possessed was unable to respond to the higher production volumes. To address this issue and improve productivity, IAB helped the company shift to a state-of-the-art system combining controllers and motion, which realized substantial improvements in processing speed and control precision in comparison to the previous system. After the shift, the company was able to up its production volumes 1.5 times, enabling it to provide customers with a stable supply of products.

Food Product Inspection Equipment

Company B is a manufacturer of food product inspection equipment. In the past, the quality of drink and medicine bottles in India was often poor, and bottles with chipped or warped mouths were frequently shipped and sold at stores. However, consumers became more sensitive toward the quality and safety of the products they purchased, and this resulted in a movement devoted to preventing manufacturers from placing bottles with quality issues on the market. To support this movement, IAB supplied visual sensing equipment that was able to analyze the condition of bottle mouths from recorded images. This enabled all bottles to be quickly and automatically inspected, thereby preventing the shipment of low-quality bottles.

Metal Processing Equipment

Company C is a manufacturer of metal processing equipment. This company recognized the need to ensure worker safety, but at the same time it wanted to avoid declines in production volumes or productivity that would have resulted from excessive safety measures, such as fencing off all machines. IAB helped this company realize a workplace that is both safe and productive by utilizing the safety sensors that are standard equipment on machinery in developed nations. These sensors were placed in optimal positions around areas where danger was present.

2. Automation Example (Indonesia)

Food Production Equipment

Company D is a sugar manufacturer. At the company, employees previously had to directly confirm temperature, humidity, and other variables related to the sugar refining processes and then record this information in production logs by hand. For this reason, employees were unable to leave refining equipment unattended, and they often spent eight
hours a day doing nothing but confirming variables. By introducing computers equipped with data logging software along with controllers, IAB helped create a system in which all this numeric data is recorded automatically by computers. This system successfully reduced the amount of time employees devoted to these monitoring tasks to one hour a day. Workers were thus freed from the task of confirming variables all day long, which in turn allowed them to use this time to revise production processes and implement other improvement activities.

3. Automation Example (Thailand) Electricity-Saving Initiatives

Rising costs in Thailand have resulted in a shift toward less-wasteful activities at production sites. Efficient electricity use is being considered as one way of realizing such activities. As such, factories are increasingly introducing electricity monitoring equipment, which can be used to track how much electricity is being used in specific parts of a facility.

In order to respond to such global issues related to safety and the environment as well as the need for high-speed, high-precision control, IAB accumulates cutting-edge technical expertise within its Automation Centers so that it may transmit unique technological applications throughout the world.

* Automation Centers provide support services to help people make machines move as they please. The support services provided by these centers include easing the transition of equipment from different manufacturers, work that previously required substantial time investments, and assistance in realizing high-speed, high-precision control for demanding pieces of machinery. Also, the centers help customers quickly install machinery with ease. In these ways, the centers aid our customers in developing competitive machinery setups.

Evolution Driven by Customer Needs

We work to address the various issues faced by specific regions by developing solutions from the perspective of local customers in these regions. The number of products with different specifications produced by OMS has grown 2.5 times over the past three years. When looking at the average employee turnover rate in China, OMS has employee retention rates that are 3 to 5 times better than the average. Nonetheless, its operations are impacted by the rising labor costs and labor shortfalls in coastal areas. For this reason, OMS is employing Low Cost Intelligent Automation (LCIA) to make its production operations in this country more flexible. Such flexible production operations are supported by small robots, a culmination of our accumulated knowledge and expertise, and the skills of employees are used to backup this system while still eliminating wastes.

Also, OMS is currently holding tours of its factories for a wide range of visitors. We hope that these tours will provide customers with a model example to be considered in solving their automation issues while at the same time offering an opportunity for local companies to learn from our production expertise.

We automate!

Optimal Relationship between People and Machines

Out of our development bases in Japan, Europe, and the United States, we are able to develop an understanding of the latest trends related to technologies and international standards. By leveraging this advantage of our global operations, we hold seminars and otherwise provide information to help spread knowledge.

We also participate in committees for developing safety standards. In such ways, we are working to develop social foundations that enable a safe and optimal relationship to be developed between people and machines.

Pursuit of Further Evolution

The future of market conditions remains unclear. Nevertheless, we will continue to take on new challenges to create innovation while advancing steady improvements through straightforward and earnest effort. To this end, we are rethinking the parts we use, reducing the number of parts contained in our products, revising production processes, and otherwise refining our technologies.

As automation spreads, people’s lives become more fulfilling, which in turn enables them to be more creative at work, leading to the further evolution of automation. Looking back at the history of automation, it is clear that demand for automation will continue growing into the future, as will its potential. IAB will create cycles in which changes in society’s needs and technical innovation give birth to one another. And these cycles will be created around the world. IAB will also work to grow as the provider that is “No. 1 in control,” “No. 1 in product lineup,” and “No. 1 in the future” so that it can make greater contributions to the ever changing Asian market.

Design Contest to help foster the development of prospective automation engineers and provide education regarding state-of-the-art technologies.

* Equivalent to technical colleges in Japan

Collaboration between Industry, Government, and Academia to Invigorate Local Societies

As one way of rooting our operations to the regions in which we work, we are placing an emphasis on education, not only of our employees but also of the students that will support the future of these regions.

OMron is working to share its corporate philosophy with educators in Asia while also providing opportunities for students to learn about environmental issues and the latest technologies. At Chinese vocational and technical colleges, we help teach students about manufacturing while they are in school and hold Omron Classes, which attract vast quality human resources. In addition, we hold the Omron Cup Sterling Engine CAR Contest and design contests, which are based on the themes of environmental preservation and recycled resources. We also hold the National University Student Photoelectric Design Contest to help foster the development of prospective automation engineers and provide education regarding state-of-the-art technologies.

* Equivalent to technical colleges in Japan

Soldering by hand

- Stable levels of quality
- Capital investment 1/3–1/4

LCIA soldering robots

Yearly Personnel Expenses in Asia’s Manufacturing Sector

We automate!
Helping Improve the Health of People in Emerging Countries

As society develops, social needs for means of preventing and treating illness are constantly rising. HCB develops its operations based on the unique approach of using these needs as drivers for advancing innovation in its business. We spoke with representatives from sales and marketing and global product planning divisions that have engagements in emerging countries in Asia.

Rapid Rise in Asthma and COPD

— Looking at the particulate matter 2.5 (PM2.5) issue in China, it would seem that many emerging countries are facing air pollution issues, and these issues are growing even more serious. Is this the case?

Ozeki: Yes. The air pollution issues in emerging countries are serious, and not only limited to China. In conjunction with development, chronic maladies are starting to replace infectious disease as the most common ailment faced by the populace. In China, this situation is being compounded by a rise in smoking*, and we are noticing a rapid increase in the number of people with chronic obstructive pulmonary disease (COPD)** as a result. In this manner, environmental pollution and the trend regarding respiratory diseases are driving a substantial increase in the number of people suffering from asthma and COPD.

— Going forward, how do you plan to address the social needs created by this situation?

Umeda: I believe we can provide a viable option for addressing this situation in the form of the nebulizers. They are a type of medical device that enables vaporized medicines to be inhaled by sufferers of asthma and other respiratory diseases. There are primarily three different types: compressor nebulizers, ultrasonic nebulizers, and mesh nebulizers.

Compressor nebulizers account for approximately 90% of the entire nebulizer market. However, as these require liquid medicines to be converted into a fine mist, they are often heavy and noisy. By revising the structure of parts, Omron has successfully resolved this issue by creating compressor nebulizers that are both small and quiet. As an example of this structural revision, we modified a pump from one of our mainstay blood pressure monitors to be used in these nebulizers.

Innovating parts in this manner helps cut costs. Nevertheless, this was not an easy process as using the blood pressure monitor pump placed increased importance on the output capacity of the atomizing unit in ensuring that the pump could supply a sufficient amount of medicine mist. The development process for this atomizing unit was conducted steadily over a long period of time. I think Omron is a rarity among manufacturers in the world for devoting such effort to a single unit.

Mesh nebulizers are generally smaller and quieter than compressor nebulizers and can be used while lying down. However, they are also more expensive than compressor nebulizers and maintenance of parts is more of a hassle.

Importance of Imagining Usage Situations

— It would seem that the ability to use mesh nebulizers while lying down would be a significant advantage in terms of usage.

Umeda: When nebulizers are used by small children, it is common for them to be watched over by their mothers. However, there are those mothers who want to have their children use nebulizers while lying down should symptoms permit. Our desire to develop products that are easier for patients to use in recognition of this fact led to the creation of products customers can use while lying down.

In this way, imagining the actual circumstances under which customers use our products is of extreme importance in the product planning process. After conducting usage investigations in various countries, we learned that there were cases in which proper treatment methods are not well known and cases in which our products were being used in incorrect manners.

Ozeki: Usage circumstances are an important point of focus even with regard to sales. In other words, simply introducing products that we developed for Japan, Europe, or the United States into the markets of emerging countries does not always work. In developed countries, users tend to prefer products that are smaller, lighter, and more comfortable to use, even if they might be more expensive. However, in emerging countries, a heavy product is seen as sturdy and therefore reliable, and a loud product is perceived as more effective.

Importance of Downstream Management

— Specially, what product strategies have you envisioned for emerging countries?

Ozeki: First, we will introduce products into China, which is a massive market with large numbers of potential users. In 2012, we launched an oxygen generator for people with COPD in China. As such, our initial goal will be to expand sales in this market, targeting substantial sales volumes, while simultaneously acquiring sales knowledge. Next, we will apply this experience to India, Bangladesh, and other countries.

Umeda: In the future, we will utilize Omron’s technological prowess to provide these markets with lower-priced products. If we are to expand sales of nebulizers, which until recently could only be bought by the wealthy, among the middle class, we must provide responses to the unaddressed needs of people in the middle class and then reduce the price of these responses. In this endeavor, we will fashion products that accurately respond to the needs of emerging countries by taking advantage of the technologies we have accumulated through the process of creating products for developed countries.

Ozeki: In regard to sales strategies, the method of supplying products to local sales agents and then leaving the act of selling up to them is an obsolete way of doing business.
By leveraging the blood pressure monitors for which Omron holds the top share in the global market, we have established a sales network consisting of approximately 110,000 stores throughout Asia. The way in which our products are being sold and bought mainly in drug stores, the downstream end of the distribution chain, is of utmost importance.

Each store serves as an opportunity for customers to become acquainted with Omron. As such, we are actively holding product explanation seminars for store staff and implementing other initiatives to make better use of these opportunities.

Further, if we are to contribute to improved health among the populace, we have to supply our products to a wide range of customers. However, this means that we must address more demanding expectations with regard to product specifications and prices. To help guide a wider range of customers to our products, we offer extensive advice to stores, which serve as opportunities for customers to encounter our products. This advice goes as far as to make suggestions regarding product displays. This type of steadfast effort has led us to obtain the leading share of more than 60% for blood pressure monitors in India.

events in which consumers can have their blood pressure tested for free, and we are also broadcasting commercials featuring characters that appeal to the populous. As a result of these efforts, 60% of consumers recognize Omron as a company that helps prevent and treat lifestyle-related diseases. In addition, after the Lushan earthquake in April 2013, we donated approximately 500 blood pressure monitors as relief items to help support the victims of the earthquake.

I believe that efforts such as these are contributing to improved recognition of the Omron brand. Similarly, in India, we employ outdoor advertisements, participate in health-related events, and are otherwise working to improve brand recognition of the entire Omron Group.

**Umeda:** In terms of competition, we have to compete with local companies and many other rivals. In such an environment, it is not enough to simply sell our products. We must continue to meet the market’s needs for evidence and quality while also retaining necessary approval, all of which represent hurdles to be cleared if we are to further develop our operations. This is no easy task, and even manufacturers from Europe and the United States are having difficulty accomplishing it.

**Ozeki:** In recent years, Chinese and South Korean manufacturers have been a rapidly growing presence. These manufacturers all share a strong entrepreneurial spirit committed to cutting open new markets. However, these manufacturers still only provide consumer goods. Conversely, Omron not only offers consumer goods, it also has a robust lineup of products for medical practitioners and educational activities targeting pharmacists.

Our mission is to help provide equipment; I want to provide proper treatment environments as well.

**Masahiro Umeda**

— How is economic support for healthcare in emerging countries?

**Ozeki:** While the range of healthcare services offered under health insurance is gradually expanding in emerging nations, we are also seeing a rise in the number of sufferers of chronic malady, including such representative examples of this ailment as asthma and COPD. Accordingly, the spread of nebulizers, which enable patients to undergo inhalation-based treatments at home, will make significant contributions to establishing a sound balance between health insurance and public finances in these countries. It could be seen as Omron’s mission to help drive the spread of nebulizers in emerging countries through pricing measures and educational activities.

**Umeda:** Prior, I spoke of mesh nebulizers and compressor nebulizers that employed blood pressure monitor pumps. These are no doubt revolutionary products, but they still face issues with regard to price and maintenance procedures. We are currently in the process of developing new products to address these remaining issues, and it is my hope that we will be able to develop new products that change the very definition of nebulizers.

— In closing, what are your wishes and goals for the future?

**Umeda:** There are still countless people around the world that are unable to receive proper treatment of asthma and COPD. However, for these people, it is not enough to just provide equipment; I want to provide proper treatment environments.

**Ozeki:** Our mission is to help treat people with respiratory illnesses around the world. To fulfill this mission, we are improving the capabilities of each product in our rich lineup and raising brand recognition to enable Omron’s products to better contribute to the resolution of the health issues of people around the world. Currently, more than 30% of HCB’s earnings are generated in Asia, and we have the goal of achieving a 50% increase from fiscal 2012 sales in this region by 2020.
Contributing to the Spread of Renewable Energy Systems

The Environmental Solutions Business is one of the pillars of Value Generation 2020 (VG2020). In this area, we boast the top share of the Japanese market for residential-use PV inverters for solar power generation systems, which are the most popular option among renewable energy systems.

Omron offers unique, comprehensive solutions that contribute to the realization of a low-carbon society while at the same time providing customers with the maximum level of convenience. As one prime example of these solutions, a coordinated effort is being conducted linking the PV inverters and other environment-related equipment of the Environmental Solutions Business HQ with the engineering and maintenance services provided by Omron Field Engineering Co., Ltd. (OFE). We asked senior managers from each entity about plans to expand the respective operations and to contribute to society through the Environmental Solutions Business.

Market Environment and Business Overview

— Please explain your business?

Yukumoto: Trends related to energy usage are undergoing drastic changes in light of progressive global warming and natural energy resource depletion. It will grow ever more important for companies to contribute to the development of a low-carbon society. Amid such changes in the surrounding social context, the Environmental Solutions Business HQ was established in March 2009. I assumed my position as senior general manager of this division in April 2012. Not only does the Environmental Solutions Business HQ develop its own business, it also works in cooperation with other business divisions, such as IAB and SSB, to advance business operations in the fields of energy saving and energy creation.

In the energy-saving field, one example of our activities would be the eco-conscious optimization initiatives conducted at the Ayabe Plant in Kyoto. In October 2010, the Ayabe Plant launched an initiative to halve its energy usage by March 31, 2014. The unique environmental information monitoring system provided by the HQ is helping support that effort.

While the plant still has a ways to go before accomplishing this goal, it has already successfully halved electricity usage in clean rooms and realized a reduction of 70% in suspended particulate matter (SPM). In January 2013, these efforts were recognized and awarded the Minister of Economy, Trade and Industry Prize in the Energy-Saving Activities Category of the 2012 Energy Conservation Grand Prix Program. We plan to apply the expertise accumulated through this project to the development of equipment for supporting energy-saving efforts and addressing environmental issues.

— Why did OFE decide to cooperate in developing the Environmental Solutions Business?

Echizen: OFE was established more than 40 years ago, when Omron launched AFCs and traffic systems, as a company for providing systems and maintenance related to traffic signals and railway facilities.

In the energy-creation business, we are

...
We will work to contribute to society by fulfilling our mission of maximizing energy efficiency.

Shizuto Yukumoto

fundamental level, the reason was simple; it coincides with our corporate philosophy. Omron has always endeavored to develop ventures that benefit society. My division was just established in 2009, but we already feel that we are conducting a business that practices the Omron Principles.

We will work to contribute to Echizen:

I have witnessed firsthand the importance of society by fulfilling our mission of a system that can offer services in all areas up to maintenance. While there are some misunderstandings in this area, solar power generation systems are not “maintenance free.” In fact, the rate at which trouble occurs is fairly well defined.

The products we provide to customers become part of social infrastructure, and therefore our involvement cannot merely end with the sale. The ability to respond to customer needs throughout a product’s life cycle is one of Omron’s core strengths.

Shizuto Yukumoto

Where We’re Headed

Echizen: One of the Management Principles is “Innovation driven by social needs.” However, there are not many businesses that can effect direct change on people’s lifestyles and social infrastructure. The Environmental Solutions Business is one of those few businesses that can drive such change by responding to social needs.

Yukumoto: Realizing the “optimization of energy” by effectively utilizing the world’s limited resources is a requirement of the current times. As we possess the technological and infrastructure development capabilities required to realize such optimization, I am sure we are in a unique position on the global stage. We will continue to practice healthy competition as we work to contribute to society by fulfilling our mission of maximizing energy efficiency.

Echizen: We are committed to sharing dreams and a sense of pride and confidence throughout the Company. At OFE, our pride comes from our contribution to the social infrastructure business. On the fresh stage represented by the environmental solutions field, we will take on new challenges as we work to fulfill our mission and contribute to society through our business.

At OFE, our pride comes from our contribution to the social infrastructure business.

Izumi Echizen
Where We’re Headed
—What does risk management mean to Omron? Also, why is risk management necessary?
Sakumiya: Risk management has two sides. One is the advance preparation for managing risks and the other is the proactive action of taking risks. A company must pursue the maximization of earnings under the given operating conditions. At the same time, a company must fulfill its responsibility toward society. It is impossible to move forward without properly managing risks. Losses can be incurred if opportunities are missed by not taking risks; these are equitable to those resulting from insufficient advance preparation.

Business activities are always accompanied by risks. Legal and compliance risks are a given. Recently though, companies have been forced to address a series of natural disasters, including the Great East Japan Earthquake, floods in Thailand, and the outbreak of the new form of influenza virus, as well as the rising risks of terrorism and international political issues. To become a stronger company, it is essential, in addition to the realization of growth potential and profitability. The Omron Group is advancing the strategies of VG2020 and has displayed its intention to proactively expand operations in emerging countries and conduct M&A activities. However, as the Group takes on challenges in new areas, it will be important to predict accompanying risks. As a member of the Board of Directors, which is responsible for monitoring and supervising the risk management efforts of executive departments, I feel that strengthening such efforts is a matter of pressing importance for Omron given the circumstances I just described.

—What are some important points for Omron?
Sakumiya: Omron is developing a diverse range of businesses on a global scale under a decentralized management structure. Its operating conditions are such that trouble is always accompanied by risks. Legal and compliance risks are a given. Recently though, companies have been forced to address a series of natural disasters, including the Great East Japan Earthquake, floods in Thailand, and the outbreak of the new form of influenza virus, as well as the rising risks of terrorism and international political issues. To become a stronger company, it is essential, in addition to the realization of growth potential and profitability. The Omron Group is advancing the strategies of VG2020 and has displayed its intention to proactively expand operations in emerging countries and conduct M&A activities. However, as the Group takes on challenges in new areas, it will be important to predict accompanying risks. As a member of the Board of Directors, which is responsible for monitoring and supervising the risk management efforts of executive departments, I feel that strengthening such efforts is a matter of pressing importance for Omron given the circumstances I just described.

Two Keywords: Integration and Global
Omron will pursue integrated global risk management by striking a balance between advance preparation and proactive action.

Omron’s Risk Management as Explained by Directors

Two Keywords: Integration and Global
Omron will pursue integrated global risk management by striking a balance between advance preparation and proactive action.

Integrate and carry out risk-related activities from a global perspective for the purpose of securing the continued existence of the Companies and enabling them to achieve their targets and fulfill their corporate social responsibilities.

Based on the Basic Rules of Integrated Global Risk Management, we will endeavor to avoid, reduce, and transfer losses by collecting risk information, conducting risk analyses, and implementing countermeasures against risks.

We will identify critical risks to the Group and enable Groupwide responses through the Executive Council.

In a time of crisis, we will make reports in accordance with established procedures and form response teams necessary to address the crisis.
response gear for people living nearby disaster zones. In these ways, Omron is conducting activities that give form to its corporate philosophy.

—Could you please provide an overview of Omron’s risk management systems?

**Sakumiya:** Omron’s basic risk management policies are defined within the Resolution by Board of Directors of Maintaining an Internal Control System, and these policies are listed in the Company’s Business Report and Corporate Governance Report.

The basic flow of the risk management systems is as follows. Every year, we identify and analyze the various risks we are facing from a global perspective. We then rate these risks, with the greatest threats to the Group being assigned an S rank, and those risks that pose lesser but still represent significant threats being ranked as A. We place particular emphasis on both of these categories.

To summarize, risk management activities throughout the year are conducted in this order: the identification of risks; the analysis of risks; the designation of significant risks; the establishment of plans for response, verification, revision, and reporting to the Board of Directors; and then finally relevant disclosure. In other words, this process forms a risk management plan-do-check-act (PDCA) cycle. Going forward, Omron will reinforce these activities and further instill them into its global management activities.

—What kind of risks do you identify as serious?

**Sakumiya:** For fiscal 2013, risks assigned the S rank are business continuity risks, including response to avian influenza and the risk of violation of laws in countries of operation. A-rank risks include the risk of fraud within the Company; the risk of violating environmental laws and regulations; the risk of violating personal data protection laws; and the risk of failure to properly manage subsidiaries in emerging countries.

—How are measures to respond to S-ranked business continuity risks progressing?

**Sakumiya:** The Great East Japan Earthquake reaffirmed the importance of ensuring the continuity of business operations under any circumstances, and, to this end, Omron chose to revise its business continuity plan (BCP). The revised BCP prescribes specific measures regarding recovery time and level objectives, methods of recovering relevant functions, and measures to prevent their loss. Six major functions are considered in the BCP: (1) corporate headquarters, both global and regional; (2) business headquarters; (3) production; (4) procurement and distribution; (5) IT; and (6) the safety of operating bases.

For example, with regard to (3) production functions, we have established that the production volumes of all business companies should be recovered to predetermined levels within a defined period of time. For accomplishing this goal, we are in the process of considering detailed procedures for setting up alternative production sites, securing necessary parts and production facilities, and developing backups of necessary information documents, including manuals, and standardizing such documents. Furthermore, over the two years since the earthquake, Omron has made particular progress in defining concrete procedures pertaining to (1) corporate headquarters functions, and fulfilled drills related to these procedures have already begun.

However, these actions require investments of both time and money at operating sites. As such, it is common for companies to prioritize short-term

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**Graphical Illustration:**

- **Need for Integrated Global Risk Management**
  - Globalization of various business activities
  - Increased exposure to risks
  - Supply chains spreading across national and regional boundaries
  - Rise in suddenly realized risks and unpredicted risks

- **Traditional frameworks unable to address unpredicted risks**
  - RM is not a routine activity at genba (operating sites) but is an extra non-routine activity.
  - Dispersed risk information makes it difficult to have a bird’s eye view of the whole situation.
  - RM’s positioning is not clear in management of the Omron Group.

- **Need for Integrated Global Risk Management**
  - RM is to be integrated into the management of the Omron Group.
  - Intra-Group RM activities are to be integrated under a common framework.
  - Global risk information is to be integrated throughout the Omron Group.
  - RM is to be integrated at genba (operating sites).

- **No uncovered major risks**
  - Endeavor to achieve the targets
  - Fulfill corporate social responsibility
  - Ensure continuing existence of the Companies

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**RM** = Risk management.
Where We’re Headed

performance over such efforts. Nevertheless, I feel that of foremost importance is the willingness to formulate concrete targets to address risks and, then, consider what must be done to realize these targets. Such consideration can lead to ways of installing business continuity measures with minimal burden to operations. Moreover, this process can also provide us with good opportunities to review existing operations for other purposes.

—Recently, risks related to ESG* issues have been gaining attention. In what ways is Omron addressing these issues?

Sakumiya: As businesses expand globally, the potential for a company’s business activities to impact the environment and society is ever rising. In light of this situation, incorporating ESG considerations into business activities and installing these principles into the core of management strategies is now more important than ever.

In fiscal 2012, one example of focus initiatives in this area was our response to the conflict mineral issue. The act of procuring parts and materials including such minerals for use in products can, albeit indirectly, contribute to the violation of human rights by supporting armed rebel groups in the Democratic Republic of Congo in Africa. To avoid the realization of this risk, corporate headquarters divisions related to purchasing, legal affairs, and CSR have been cooperating with business divisions to investigate the situation regarding such minerals and implement response measures as necessary.

—What issues must Omron address going forward?

Sakumiya: Omron has constructed its foundation for integrated global risk management. It will be important to continue to enhance efforts in this area going forward while applying the PDCA cycle. Of particular importance will be improving activities outside Japan. It is vital that each regional headquarters practice risk management in accordance with the characteristics of their respective region. Omron will include more information regarding its risk management efforts in the Annual Securities Report, on its website, and in Integrated Report. I also hope that Omron will incorporate the valuable opinions of stakeholders into its management in the future.

There are two main factors that have a significant impact on a company’s capacity to grow sustainably. One is the company’s ability to achieve harmony with society, or, in other words, the ability of the company to orient its pursuit of profitability to match social values.

Investors, consumers, and employees are all fundamental elements of society. If a company is not in harmony with them, it will not be able to grow over the long term. This is because a company’s most important customer is society itself.

Harmony with society is imperative for any company. However, it is often the case for companies that maintain harmony with society at home to not do the same overseas. An important point of consideration for the future of a company is its ability to cross national boundaries and overcome ethnic, religious, and cultural differences to establish a shared set of values. I believe that Omron, with its corporate core value of “Working for the benefit of society,” has done a very good job at internalizing this principle in its organization.

The other main factor affecting a company’s sustainability is the ability to practice aggressive risk management. Companies must win out against constant, fierce competition. As such, a company that does not take risks can only decline. At the same time though, a company that takes unnecessary risks is doomed to fail. What is needed is a style of management that effectively controls risks and, then, takes those deemed necessary.

The success of risk management is hinged on the effective use of the PDCA cycle. Companies do not have the option of being “risk free.” Rather, they must maintain an understanding of the risks present and control these, respond quickly to unforeseen circumstances, and, when the cycle has been completed, decide what they will incorporate into the next spin. There is no correct path in this process, and companies must continue to address these issues as long as they exist. I feel that Omron has strong systems in place to aid in this undertaking.

If Omron continues to maintain harmony with the global society, while building solid risk management systems and practicing aggressive risk management, I am confident that the Company will continue to grow into the future.
Omron at a Glance
Performance and Forecasts by Segment

Net Sales and Operating Income

Net Sales by Segment

Operating Income (Loss) by Segment

R&D Expenses and Capital Expenditures

R&D Expenses by Segment

Capital Expenditures by Segment

Notes:
1. From fiscal 2013, certain operations previously included in EMC have been included in IAB following a change in management categorizations. Accordingly, the segment information figures for fiscal 2012 and prior fiscal years have been restated to reflect this change.
2. Beginning in fiscal 2010, the Omron Group has been revising the management guidance fees for the purpose of concentrating capital funds at the headquarters to reinforce selection and concentration and strategically allocate resources. This revision has had an effect on the operating income (loss) of each segment.
Business Strategy and Outlook for Fiscal 2013

We will continue to evolve as the best automation partner for manufacturers worldwide.

In fiscal 2013 we are forecasting a year-on-year rise in net sales of 7.3%, to ¥263.0 billion, and a 16.4% increase in operating income, to ¥36.6 billion.

In Japan, sales are forecasted to be in line with fiscal 2012. While we expect customers to improve performance due to yen depreciation, capital investment demand in the automobile and machine tool industries will be unchanged from fiscal 2012. Overseas, we are projecting a year-on-year increase in sales. Markets are becoming increasingly linked on a global scale, resulting in higher volatility, but the expectations for ever growing automation are surely rising nonetheless. Evolving as an automation partner to manufacturers worldwide, IAB will relentlessly invest and put plans into action throughout fiscal 2013.

Leveraging the monozukuri (manufacturing) capabilities we have developed through our global operations, we will launch more products than in the previous fiscal year, providing them to customers around the world through our network consisting of more than 160 bases.

We will continue to contribute to the substantial improvements in machine productivity by realizing safer, faster, and more precise control. In this pursuit, we will work to create machines that can operate with ease and realize a deeper understanding of applications while developing new applications on a global scale.

We will continue to strengthen our operations in emerging countries, where automation needs continue to grow, and also actively work to acquire new technologies that will contribute to the future of manufacturing. Aiming to evolve as an automation partner to manufacturers worldwide, IAB will develop stronger ties within and outside Omron.

Industry First—Integrated Tool with 3D Motion Trace Functions

Sysmac Studio is for high-speed, high-precision motion control design and safety control in an engineering environment. Using this tool, the movements of machine structures can be simulated using 3D animations on a user's desktop before construction. This makes it easier to discover errors in control programs and parameter configurations. These features employ a new, light 3D drawing engine developed for industrial applications.

Industry First—Photoelectric Sensor Reborn through the Production Method

This sensor is the first in the FA industry to be produced using laser-bonding technologies, thereby realizing quality not impacted by differences in parts. Requiring one-tenth the normal capital investment and half the average development period, this method allows us to swiftly respond to customer needs.

What's New

Joint Project with Microsoft Japan to Utilize Big Data

Manufacturers are increasingly seeking higher levels of quality and safety. At the same time, there is a rising need for traceability that allows information to be collected and analyzed on a single item basis to instantly determine when, where, and under what conditions certain items were produced. By strengthening Omron’s lineup of advanced “Sensing and Control” products, indispensable to the process of control, we have made it possible to quickly and accurately upload vast quantities of data related to individual items mass-produced at production sites to top servers in real time. By combining these products with Microsoft’s technologies, we have realized systems for monitoring and analyzing vast quantities of data at production sites in an accurate, quick, and easy manner. Further, these systems enable data to be arranged in a way that is meaningful to onsite staff and management.

In China, demand for automobiles and machine tools was down, but demand remained relatively stable on a full-year basis, and sales proved solid even when compared with the previous fiscal year, when temporary increases stemming from earthquake-related demand were recorded. In Asia, while sales held steady in ASEAN and emerging countries, the impacts of limited capital investment in South Korea’s semiconductor industry weighed heavy, and overall sales were down as a result.

In Europe, various economic indicators improved during the second half of the year. However, production and new investments continued to be limited, resulting in low demand. In the Americas, meanwhile, automobile-related demand was favorable, and sales were solid accordingly. IAB pursued more efficient operations to reduce fixed costs while steadily conducting investment necessary for the future. However, the heavy impacts of overall sales declines could not be offset, and operating income decreased as a result.

Fiscal 2012 in Review

Sales in Americas and China were solid regardless of the rebound from the previous year’s temporary sales increases.

IAB net sales declined 2.9% year on year, to ¥263.0 billion, and operating income decreased 11.6%, to ¥31.3 billion, in fiscal 2012.

In Japan, sales were down 5.6% year on year, to ¥116.3 billion. Capital investment demand in the automobile industry was relatively unchanged, but demand was poor in electronic component-related industries, and particularly in the semiconductor industry. In addition, IAB experienced a rebound from the temporary increase in sales seen in the previous fiscal year due to the influences of the Great East Japan Earthquake and the Thailand floods.

Overseas, sales were strong in China, ASEAN countries, and Americas, while conditions remained uncertain in Europe due to ongoing financial instability. As a result, overseas sales were relatively unchanged from the previous fiscal year, declining only 0.7% year on year, to ¥146.7 billion.

IAB has established a complete lineup of state-of-the-art equipment that plays a principal role in automation. This lineup includes the sensors that provide automation systems with the senses of “vision” and “touch,” the controllers that serve as their “brain,” the drives that form the control signals, and the networks that connect these various items as the “nervous system.” With these sophisticated products, we are contributing to quality, safety, and the environment by supporting the innovation of manufacturing industries around the world.

In China, demand for automobiles and machine tools was down, but demand remained relatively stable on a full-year basis, and sales proved solid even when compared with the previous fiscal year, when temporary increases stemming from earthquake-related demand were recorded. In Asia, while sales held steady in ASEAN and emerging countries, the impacts of limited capital investment in South Korea’s semiconductor industry weighed heavy, and overall sales were down as a result.

In Europe, various economic indicators improved during the second half of the year. However, production and new investments continued to be limited, resulting in low demand. In the Americas, meanwhile, automobile-related demand was favorable, and sales were solid accordingly. IAB pursued more efficient operations to reduce fixed costs while steadily conducting investment necessary for the future. However, the heavy impacts of overall sales declines could not be offset, and operating income decreased as a result.

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Business Strategy and Outlook for Fiscal 2013
We will improve profitability by expanding sales in new fields related to the environment and energy and by exercising our advanced monozukuri capabilities.

We plan to increase EMC net sales 118% year on year, to ¥34.0 billion, and boost operating income 60.9%, to ¥7.0 billion, in fiscal 2013.

Looking at the operating environment for electronic components, demand is expected to hold strong in the United States and the Asia Pacific region. Meanwhile, demand in Europe and China is forecast to recover steadily. In Japan, we will capture new customers for businesses centered on fields related to the environment and energy. Overseas, we will work even more closely with large-scale customers while acquiring new small and medium-sized customers by utilizing our global sales network. Through these efforts, we will target higher sales.

In addition, we will bolster our lineup of relays, switches, and connectors for consumer electronics, automotive electronic components, office equipment, and industrial machinery and, at the same time, explore new markets by leveraging new products. One area of focus will be strengthening our lineup of power lattice relays for use in smart meters, which we expect to experience growing demand in emerging countries going forward.

To improve profitability, we intend to utilize Omron’s advanced monozukuri capabilities. As one facet of these efforts, we will reduce the amount of silver used in the contact portions of relays, decrease losses of gold and silver plating, and conserve and recycle molding materials in order to limit the impacts of raw material price fluctuations. In addition, we will introduce automated production systems and low-cost automation systems into factories in China and other parts of Asia to reduce the number of people needed to operate these facilities. These systems will allow us to mitigate the impacts of the rising cost of labor in these areas and, thereby, accelerate our efforts to reduce costs.

EMC Results and Forecasts

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012 (forecast)</th>
<th>2013 (forecast)</th>
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<td>19.8</td>
<td>22.7</td>
<td>24.6</td>
<td>26.1</td>
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<tr>
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<td>1.3</td>
<td>1.4</td>
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<tr>
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<td>9.0</td>
<td>5.1</td>
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<td>7.0</td>
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<td>Operating margin</td>
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<td>5.2%</td>
<td>7.4%</td>
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<td>Capital expenditures</td>
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<td>9.9</td>
<td>8.9</td>
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</tbody>
</table>

* From fiscal 2013, certain operations previously included in EMC have been included in VB following a change in management categorizations. Accordingly, the segment information figures for fiscal 2012 and prior fiscal years have been restated to reflect this change.
* Beginning in fiscal 2010, the Omron Group has been revising the management guidance fees for the purpose of concentrating capital funds on the headquarters to reinforce selection and concentration and strategically allocate resources. This inclusion has had an effect on the operating income of each segment.
* The sales figures given indicate sales to external customers and exclude intersegment transactions. Operating income indicates income including internal income prior to the deduction of such amounts as intersegment transactions and head office expenses that are not attributable.
* The forecasts for R&D expenses, depreciation and amortization, and capital expenditures are not publicized.

Industry's Smallest Battery Connector Created Using Omron's Unique Electroforming Technology: XD2B

Employing Omron’s unique electroforming technology using advanced microfabrication and materials technologies, this connector is compatible with the batteries of mobile devices and helps make devices smaller while increasing the size of batteries.

Round Water-Resistant Connector That Enables Easy Connection of Different Shaped Cables with One Type of Connector: X56C/G

Developed to aid installation workers, this connector is based on the concept of easily connecting different shaped cables with only one type of connector and no specialized tools. By applying a pressure connection method to cables, this connector can greatly simplify the process of connecting cables.

Facial Expression Estimation Technology That Further Evolves Face-Sensing Technologies

Omron’s Facial Expression Estimation technology is capable of estimating seven different facial expressions—happiness, surprise, fear, disgust, anger, sadness, and neutral—all in real time. It is expected to be used for various applications, such as communication robots or in video games that react to users’ facial expressions.

Electronic and Mechanical Components Business (EMC)
Manufacturing and sales of electronic components for consumer appliances, telecommunications equipment, mobile telephones, amusement devices, and office automation equipment

EMC utilizes its cultivated strength in monozukuri (manufacturing) technology, integrating its relays, switches, connectors, and other electromechanical component products to supply products to customers in a wide range of industries.

Supported by the solid performance of businesses in China during the second half of the year, overseas sales were practically unchanged from the previous fiscal year, declining 0.5%, to ¥67.4 billion.

In Americas, demand was brisk in the automobile industry but stagnant in consumer-related industries. Similarly, inventory adjustment trends continued in the consumer-related industries in Europe, and automotive electronic component demand recovery continued to be delayed even during the second half of the fiscal year. In this opaque economic environment, exports from China and other parts of Asia into Europe displayed a downward trend. However, demand began recovering during the second half of the year. Also, performance was solid in new businesses in environmental fields in China. Due to the above, full-year overseas sales showed almost no change overall.

Operating income was down year on year due to the impacts of the weak euro and the ongoing decline in internal sales.

What’s New
Release of World’s Smallest and Lightest DC Power Relay for Eco-Friendly Vehicles and Condensers

In the automobile industry, the market is expanding for electric and hybrid-electric vehicles and other eco-friendly vehicles equipped with high-voltage batteries. As this market grows, automobile manufacturers are increasingly in need of DC load control technologies for these clean energy vehicles as well as means of extending drivable distances by downsizing and reducing the weight of onboard electrical equipment.

To respond to these needs, EMC released the world’s smallest and lightest DC power relay. This component can be used as a main relay or pre-charge relay in the high-voltage batteries of eco-friendly vehicles and is approximately half the size and weight of relays with similar specifications.

Omron’s Results and Forecasts

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<thead>
<tr>
<th>Fiscal Year</th>
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Aiming to respond to such market changes, AEC has been establishing systems in each major region of the world for quickly and efficiently introducing products that meet the social needs inherent to each different region. This helped support demand nonetheless. As a result, full-year sales in Japan improved year on year.

Use of space for local production operations in China, but impressive sales of new models of keijidousha class small automobile models helped drive demand nonetheless. As a result, full-year sales in Japan improved year on year.

Therefore, we have expanded our local production operations in China, but impressive sales of new models of keijidousha class small automobile models helped drive demand nonetheless. As a result, full-year sales in Japan improved year on year.

AEC anticipates that a growing number of automobile models will utilize its electric power steering controllers for smooth steering wheel operation and energy saving. OEC is required to meet wide-ranging market needs with its control technologies that are compatible with mid- and large-sized vehicles. Also, AEC is strengthening its development and production functions in the rapidly growing Chinese market, responding to demand from Chinese automobile manufacturers.

For AEC, we are forecasting a year-on-year increase of 11.1%, to ¥108.5 billion, in net sales, with a 39.7% increase in operating income, to ¥170.0 billion, in fiscal 2013.

In fiscal 2012, new automobile sales recovered to 5 million vehicles in Japan for the first time in five years. However, market conditions are proving to be weak due to the end of the government subsidies for the purchase of eco-friendly automobiles. Overseas, meanwhile, demand is expected to be strong in the North American market, and sales of Japanese automobiles in China will gradually recover from the period of boycotting seen during fiscal 2012. Also, the strategy of Japanese automobile manufacturers in Thailand have developed for the global market are forecast to sell well, particularly in Southeast Asia. Accordingly, overseas sales should show an overall increase.

Further, the automobile market is expected to continue growing centered on emerging countries. Against this backdrop, there is increasing demand from our customers for conducting development and production operations locally in these countries. At the same time, major suppliers from Europe and the United States are becoming more responsive toward demand in Asia, resulting in intensified competition. Aiming to respond to such market changes, AEC has been establishing systems in each major region of the world for quickly uncovering new market needs and providing value-added products by utilizing high-quality development, production, sales, and services functions. It is also working on the “Global One Team” management strategy, under which global expansion will be pursued by leveraging the Omron Group’s accumulated human resources, technologies, and management structures. Through these efforts, AEC will work to uncover the social needs inherent to each region and quickly and efficiently introduce products that meet those needs.

What’s New
Relocation of Aged Brazilian Factory
In 2008, AEC acquired a 100% stake in a production site in Brazil. This site has since served as a major production base for our operations in South America. However, this base was far from major automobile producing areas and its buildings and other facilities were quite aged. We relocated the site to a newly constructed factory in December 2012 and commenced full-fledged production in January 2013.

Brazil is expected to be the world’s eighth largest automobile market in 2020. We will therefore utilize this new base to respond to the automotive component demand in South America, with a particular focus on Brazil, as we work to expand our operations. The factory will also be a base for the Omron Group’s ongoing social contribution efforts.

**Business Strategy and Outlook for Fiscal 2013**

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**Electric Power Steering Controllers**
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**Components for Eco-Friendly Vehicles**
AEC is developing a range of fundamental technologies and products to contribute to greater energy savings and fuel-efficiency improvements in eco-friendly vehicles. These developments include lithium-ion battery leakage monitoring units and electricity-leakage sensors for electric and hybrid-electric vehicles as well as voltage conversion units for idling stop systems, which are expected to become standard equipment for gasoline vehicles.

**OMRON Automotive Electronics Co., Ltd.**
OMRON Automotive Electronics Co., Ltd. (AEC), conducts business operations catering specifically to the ever-evolving automobile electronics field, a subsection of the automobile industry, which continues to grow on a global basis. This business continues to contribute to the realization of a safer, more secure, and more comfortable driving society by producing technologies and products designed to create “the best matching of automobiles to people.”

**OMRON Corporation Integrated Report 2013**

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Integrated Report 2013

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Integrated Report 2013

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OMRON Corporation

Integrated Report 2013

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Business Strategy and Outlook for Fiscal 2013
We will continue to strengthen competitiveness and build foundations for growth.
In fiscal 2013, we are projecting a 10.6% year-on-year gain in SSB net sales, to ¥76.0 billion, and a 54.4% rise in operating income, to ¥4.5 billion.
In existing businesses, such as those related to railways and traffic control, we have achieved profitability through the implementation of ongoing profit structure reforms. This profitability will be taken advantage of to steadily capture replacement demand and thereby maximize earnings. In the safety and security field, the experience and expertise accumulated through operations thus far will help realize a full-fledged expansion.
In growth businesses, we will pursue sales growth in the environmental solutions field, where demand continues to expand. In this pursuit, we will take advantage of the Group’s ability to provide package offerings, including products, system design, installation, maintenance, and other services, to capture the expanding demand. Further, we will focus on the development of new energy-related products and services from the three perspectives of creation, storing, and saving. Through these efforts, we hope to put SSB on the track toward medium-to-long-term growth.

What’s New
Ticket Reading Systems for Compatible Use of IC Cards
On March 23, 2013, Japan’s major IC card systems became compatible with each other, enabling one card to be used at most stations in Japan’s largest cities between Hokkaido and Kyushu. It was previously possible to use IC cards from one area in others, but this was only available in limited areas. As such, it was very inconvenient to travel through various different regions. The introduction of the compatible-use system will make travel and business trips much more convenient, creating new potential for IC cards.
As a pioneer in the field of automated ticket vending machines for almost 50 years, SSB contributed to society with its automated ticket gate systems. Its 50 years of experience and efforts to create social needs have led SSB to contribute to the realization of the world’s largest IC card compatible-use system, which enables the same card to be used across Japan at 52 railway companies, 96 bus companies, and approximately 200,000 stores.

Stationary Lithium-Ion Electricity Storage System
This system stores the electricity generated by solar power generation systems and purchased from power companies and thus may be used as a power supply when needed, such as during a black-out. The system employs lithium-ion rechargeable batteries made with olivine-type lithium iron phosphate, known for their safety, and boasts the high capacity of up to 19.2kWh coupled with a long lifespan that is resistant to repetitive charging and discharging. Under normal operating conditions, the system helps shift electricity usage away from peak hours, effectively cutting peak-hour usage and conserving electricity. Should a blackout occur, the system automatically activates to supply a defined load to specified equipment, thereby ensuring that lighting, communications facilities, and other equipment necessary to respond to disasters may be kept functional.
As a means of realizing local electricity production and consumption, electricity storage systems are gaining increased attention along with solar power generation systems, which are an ever more important part of generation infrastructure. OMRON’s electricity storage systems can function as infrastructure for disaster countermeasures and will be used to contribute to the development of safer, more secure, and more eco-friendly social infrastructure.
Healthcare Business (HCB)

Fiscal 2012 in Review

A clear recovery was seen from the impacts of the Great East Japan Earthquake. Sales and income were substantially higher both in Japan and overseas. In fiscal 2012, HCB sales and income were substantially higher, with net sales rising 14.5% year on year, to ¥71.5 billion, and operating income up 51.0%, to ¥4.4 billion. In Japan, sales increased 8.2%, to ¥29.5 billion. Demand for home-use healthcare devices recovered from the period of stagnation that followed the Great East Japan Earthquake, and sales of mainstay blood pressure monitors and thermometers were strong throughout the year. In addition, new demand was stimulated by the launch of new products, such as sleep duration trackers, sleep sensors, wrist-type blood pressure monitors, body composition monitors with IT functions, electric toothbrushes, and electronic massagers. As a result, full-year sales were strong overall. Investment among medical institutions recovered, and performance proved favorable. As result, net sales in Japan increased year on year.

Overseas sales were up 19.4%, to ¥42.0 billion. Demand remained low in Southern and Eastern Europe. However, this was offset by ongoing strong demand for healthcare devices in Russia and China as well as in emerging countries in the Asia Pacific and other regions, and overall sales were favorable as a result. Operations also benefited from a business alliance related to the sale of electric toothbrushes in Europe and the influence of rapid yen depreciation in the third quarter and onward. All these factors contributed to the substantial rise in full-year overseas sales.

Operating income increased greatly due to sales growth in Japan and overseas, which offset the impacts of the weak euro.

HCB Results and Forecasts

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<th>2013</th>
<th>(Forecast)</th>
<th>(Billions of yen)</th>
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<td>Greater China</td>
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<td>2.8</td>
<td>3.1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* *Beginning in fiscal 2010, the Omron Group has been revising the management guidance fees for the purpose of concentrating capital funds at the headquarters to reinforce selectivity and concentration and strategically allocate resources. This inclusion has had an effect on the operating income of each segment.
* *The sales figure given indicates sales to external customers and exclude intersegment transactions. Operating income indicates income including internal income prior to the deduction of such amounts as intersegment transactions and head office expenses that are not attributable.
* *The forecasts for R&D expenses, depreciation and amortization, and capital expenditures are not publicized.
* *Sales of blood pressure monitors surged in the second half.

What's New

Simultaneous Launches of MedicalLink Blood Pressure Management Service and Blood Pressure Monitor That Automatically Transmits Measurements Over 3G Networks

MedicalLink is an IT-based blood pressure management service for medical institutions. This service supports the treatment of hypertension by easily sending detailed home measurements to one’s doctor. In conjunction with the start of this service on May 10, 2012, Omron also launched the HEM-7251G digital blood pressure monitor, which allows home measurement data to be automatically transmitted to servers over 3G networks.

With MedicalLink, the blood pressure measurements taken by hypertension sufferers at home are automatically analyzed and shown in graph form on their doctors’ computers. Accordingly, this service frees patients from the hassle of manually keeping track of daily measurements. The service also makes it easier for doctors to monitor changes in their patients’ blood pressure, which was hard to do using handwritten records. Further, users can share real-time data with family members, who if living separately can quickly contact a doctor should they notice a sharp rise in blood pressure.

Karada Scan Body Composition Monitor: HBF-252F

This monitor features a quick and easy-to-use automatic recognition to turn on the device and start measurements when one stands on it. It transmits data to PCs and smartphones and realizes Omron’s fastest body composition measurement time of approximately four seconds.

Blood Pressure Monitor: HEM-6310F

The thinnest and lightest in the world, this wrist-type blood pressure monitor is easy to store and carry around. Equipped with communication functions that allow measurements to be viewed and managed on PCs and smartphones, it has the quickest monitoring of any Omron blood pressure monitor.

Sleep Duration Tracker: HSL-002C

When placed bedside, this tracker records the user’s time to fall asleep, total sleep time, and the number of times rolled over while asleep by reading the movements of bedding provoked by bodily motion. Data can be sent to smartphones to determine the user’s sleep type and provide advice.

Business Strategy and Outlook for Fiscal 2013

Sales growth will be targeted in emerging markets.

We forecast a year-on-year gain of 15.4% in HCB net sales, to ¥82.5 billion, accompanied by a 58.8% increase in operating income, to ¥7.0 billion, in fiscal 2013.

Trends that accompany economic development, including improved standards of living, the adoption of Western diets, and other lifestyle changes in such emerging countries as China and India as well as those in Central and South America, have resulted in growing trends in lifestyle diseases. We anticipate these trends will result in the continued expansion of healthcare device markets in these countries. To respond to such trends, we are strengthening sales systems on a global basis and enhancing our network of distributors, pharmacies, drugstores, and other sales channels. In these ways, we are targeting increased sales in emerging countries.

In developed countries, people are growing more committed to preventing illness as obesity increasingly becomes a social issue and healthcare costs rise. This trend is expected to drive growth in the preventative medical care market. HCB will act ahead of this market growth and develop new sensing devices and solutions in the fields of sleep and exercise that contribute to health improvement and illness prevention. These offerings will be used to create new markets.
The main objective of operations in the Other segment is to undertake incubation activities for future business expansion. The Other segment advances business in future growth areas, including the environmental field, where energy conservation and CO2-reduction needs are expected to continue growing, and the expanding smartphone market.

In Fiscal 2012, demand related to renewable energy and smartphones contributed to sales. In the Other segment, net sales increased 10.7% year on year, to ¥62.2 billion, and operating income of ¥3.5 billion was recorded in Fiscal 2012, compared with an operating loss of ¥3.6 billion in Fiscal 2011.

The Environmental Solutions Business HQ experienced a significant increase in full-year sales, with sales being particularly strong for PV inverters (energy creation business). The strong sales can be attributed to the rise in renewable energy opportunities in society and the launch of the feed-in tariff scheme for renewable energy in Japan during July 2012. In the Electronic Systems & Equipment Business HQ, sales of uninterruptible power supply (UPS) units were brisk due to concern for electricity supplies in Japan, which resulted from the Great East Japan Earthquake. However, we saw reduced demand from major customers for industrial-use computers and contract development and manufacturing services for electronic devices. This decrease in demand resulted in overall lackluster full-year sales. In the Micro Devices Business HQ, contract semiconductor manufacturing demand was down. Nevertheless, this decline was offset by the benefits of increased demand for MEMS microphone chips and custom integrated circuits for industrial use, and sales proved favorable.

In the Backlight Business, we worked to take advantage of increased demand in the smartphone market and successfully began filling large-scale orders during the second half of the fiscal year. As a result, full-year sales were strong.

Fiscal 2012 in Review

Business Strategy and Outlook for Fiscal 2013

The Environmental Solutions Business is targeting further growth. In the Other segment, in Fiscal 2013 we are forecasting a 4.7% year-on-year rise in net sales, to ¥62.2 billion, and a 38.6% increase in operating income, to ¥3.5 billion.

In the Environmental Solutions Business HQ, we will further expand the scale of operations by developing comprehensive energy solutions businesses that combine energy creation, storage, and saving. As the feed in tariff scheme is expected to boost market activity for industrial solar power generation systems in Japan, we will work to expand sales of PV inverters in the Japanese market as we target a higher market share. We will also expand the energy-creation business by providing services that support the stable operation of solar power generation systems over the long term. At the same time, we forecast higher sales in the energy-saving components and services business. In the Electronic Systems & Equipment Business HQ, we aim to capture a higher volume of orders from major customers for industrial-use computers and contract development and manufacturing services for electronic devices. Simultaneously, we will bolster our lineup of UPS units, which continue to experience rising demand, in order to better promote sales of these items.

In the Micro Devices Business HQ, demand for custom integrated circuits and other existing products will likely remain at the same level as in Fiscal 2012. As such, we will focus our efforts on MEMS microphones and sensors, which are expected to see soaring demand, in markets for mobile devices and consumer electronics. Through these efforts, we will work to expand sales.

In the Backlight Business, we expect to enjoy the benefits of demand created by the ever-increasing need for thinner smartphones and tablets with larger screens. Taking advantage of these benefits, we will offer unique ultrafine processing technologies and pressing technologies to expand orders for backlight units to be used in high-end smartphones and tablets. Moreover, we will continue to advance the automation of and boost the productivity of production lines for mass-produced products while simultaneously reducing costs in the pursuit of improved profitability.

What’s New

Omron ReceivesMETI Minister’s Prize in New Energy Grand Prix Program

Omron was awarded the highest Minister of Economy, Trade and Industry Prize (METI Minister’s Prize) in the Excellent Products/Services Category of the 2012 New Energy Grand Prix Program in recognition of its proprietary AICOT® technology, which is anticipated to make significant contributions to the spread of solar power generation systems.

In recent years, there has been rising interest in renewable energy, which in turn has driven a rapid rise in solar power generation system installations.

When solar power generation systems are connected to the power grids of power companies, it is necessary to ensure the systems remain safe during blackouts. For this reason, the PV inverters used in solar power generation systems must be able to detect when the system is islanding and contain provisions to prevent power from being transmitted during blackouts. However, the islanding detection methods used by PV inverters vary between different manufacturers, and it is therefore possible that PV inverters will interfere with each other, leading PV inverters to operate even during islanding conditions. To prevent this situation from occurring, it was previously necessary for tests to be conducted to verify that interference problems will not occur between differing systems.

Moreover, because islanding detection over a wide area was difficult, solar power systems were limited by safety regulations to approximately 10% of the sites in each area in order to keep the power grid safe. This issue has been a relatively unnoticed obstacle hindering the proliferation of solar power generation systems.

Omron’s answer to this issue is PV inverters that employ the proprietary AICOT® technology. Employing an islanding detection method that is significantly faster than conventional methods, AICOT® successfully eliminates the danger of interference. AICOT® can also be easily introduced into systems without gathering data through interference tests. On top of this, it features a wider area detection capacity, thereby removing the limitations on system installations. It is anticipated that these benefits will help AICOT® make substantial contributions to the spread of solar power generation systems.

Backlight Units for High-End Smartphones

This range of backlight units has been refined to better meet customer needs by using our breadth of experience and sophisticated technologies.

Uninterruptible Power Supply Units: BU-2RW Series

This series provides a range of 200V rack-mounted, continuous inverter UPS units ideal for industrial or embedded system applications. Moreover, these units are equipped with LCD monitors to easily confirm the status of the unit.
Intellectual Property Strategy

Enhancing Profitability and Promoting Business Growth

The Intellectual Property Center defends high-value technical assets to boost the Group’s competitive strengths and protect the Company’s patents, brand names, and expertise to maximize the Omron Group’s long-term corporate value. The Center raises the success rate of the Group’s business activities and contributes to enhancing the profitability and promoting the business growth of the Omron Group.

Establishment and Implementation of the Omron Intellectual Property Guidelines

Omron has established the Omron Intellectual Property Guidelines, based on the Management Principles, to serve as guiding principles and judgment criteria for the execution of activities related to intellectual property. In addition, under the Intellectual Property Policy derived from the Omron Intellectual Property Guidelines, the Company formulates an intellectual property strategy that is consistent with its business and technical strategies and implements that strategy.

Omron Intellectual Property Guidelines

1. Create high-quality intellectual property
2. Aggressively utilize intellectual property
3. Respect, protect, and manage intellectual property
4. Recognize Omron’s strengths and functions are based on intellectual property

Intellectual Property Activities Contributing to Business

The Intellectual Property Center prioritizes and determines the degree of importance of research projects, in accordance with our business strategies, and carries out the formulation of intellectual property strategies in a focused manner, with the objective of contributing to business through the efficient and effective use of management resources. Specifically, in the core Industrial Automation (IA) Business (IAB & EM), we aim to secure high growth rates and significant profitability during the period of our Value Generation 2020 (VG2020) long-term strategy. To this end, the Center will strengthen ties with business divisions and clearly identify the competitive circumstances surrounding key product lines. We expect that this will enable us to advance more precise intellectual property strategies. The Center also identifies and analyzes technological trends in growth markets, such as the environment and healthcare markets. Based on the findings, the Center establishes intellectual property strategies in cooperation with business divisions to ensure the divisions are fully prepared to create an Omron-style business using fundamental Omron technology and to respond swiftly when the markets begin expanding. Further, the Center is responsible for developing intellectual property portfolios in conjunction with business strategies and in response to the globalization of Omron’s business. By accelerating the acquisition of intellectual property rights in countries that represent important markets for Omron’s future ahead of the advancement of business globalization strategies, the Center aims to remove the obstacles that might impede business divisions when they operate in these countries.

Over the long term, the Center contributes to the growth of our business value through intellectual property by strengthening internal coordination to respond to future business globalization and rapidly changing market conditions. We are accurately assessing our core technologies, creating an organized map of our businesses and technologies, and thus connecting our vertical businesses horizontally by leveraging our intellectual property strengths.

Strengthening Globalization of Intellectual Property

Omron is working harder on its intellectual property in conjunction with the globalization of its business. In particular, the Singapore site is positioned as a hub that is capable of consolidating patent applications and filings for those innovations created by the Group globally. At the same time, the headquarters is developing the systems necessary to support intellectual property activities in general in the Asia Pacific region, which is anticipated to experience rapid market growth. In addition, we have expanded both our production and development activities in China. As such, we aim to greatly enhance our intellectual property in this country to support localized innovation. To this end, we are providing intensive training for Chinese staff to cultivate local intellectual property management and specialist staff that will be key to this innovation. Similarly, in the United States and Europe, we are strengthening intellectual property systems and cultivating related regionally oriented staff.

Thus, we are making steady progress in fortifying our foundation for intellectual property through the active cultivation of staff at all our operating sites who can contribute to the Group’s business success with intellectual property expertise. We are also establishing a global intellectual property management system and reducing intellectual property risks to strengthen the foundation of this global intellectual property management system.

Intellectual Property Holdings in Japan and Overseas

Intellectual Property and R&D-Related Data

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<td>Number of patents:</td>
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<tr>
<td>Applications</td>
<td>1,119</td>
<td>794</td>
<td>901</td>
<td>1,068</td>
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<tr>
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<td>826</td>
<td>730</td>
<td>753</td>
<td>915</td>
<td>1,172</td>
</tr>
<tr>
<td>Total patents</td>
<td>5,205</td>
<td>5,218</td>
<td>5,452</td>
<td>5,959</td>
<td>6,448</td>
</tr>
<tr>
<td>R&amp;D expenses (billions of yen)</td>
<td>48.9</td>
<td>37.8</td>
<td>41.3</td>
<td>42.1</td>
<td>43.5</td>
</tr>
</tbody>
</table>

| R&D expenses / Sales ratio | 7.7% | 7.2% | 6.7% | 6.6% | 6.7% |

R&D

Omron aims to provide society with higher levels of safety, security, and healthcare and eco-friendly products and services. To that end, we are constantly developing new technologies and products.

Omron Will Concentrate on Strengthening 10 Areas of Technology

Omron has continually worked on enhancing its core “Sensing and Control” technologies with the aim of contributing to the development of the “post-industrial society.” In Omron’s long-term management strategy, Value Generation 2020, we set the following 10 areas of technology as areas to strengthen through increased R&D with an eye to future needs. Through reinforcing these 10 areas throughout the Omron Group, we are aiming to optimize performance, cost, and speed in order to respond to intensifying global competition.

10 Areas of Technology

- Sensing & control + intelligence technologies
- 1. Detection, identification, and recognition technologies
- 2. Power electronics design technologies
- 3. Control technologies
- 4. Knowledge information technologies
- Methodology and facility technologies
- 5. Materials and methods technologies
- 6. Facility and process technologies
- Utilization of open technologies
- 7. Network technologies
- 8. Embedded technologies
- Technology development efficiency enhancement
- 9. Computer-aided engineering (CAE)
- 10. Development processes
Quality

Provision of Safe and Secure Products and Services

Omron is constantly improving the quality of its products and services to satisfy its customers. In this endeavor, we realize that ensuring the safety of the products and services we offer is important to the continuity of our business. We are therefore taking steps to guarantee that our products function safely and can be used with peace of mind.

IAB's Global Quality Assurance System

Omron's Industrial Automation Business (IAB) generates approximately 60% of its sales overseas, and it is becoming increasingly more important to respond to the diversifying needs for products and services of customers in Europe, Americas, Greater China, and the Asia Pacific region.

IAB is dedicated to preventing the creation and shipment of defective products as well as the recurrence of any issues that may occur. Accordingly, IAB has developed a quality assurance system that is standard throughout its global operations. The underlying foundations for this system are the quality management techniques and design technologies Omron has accumulated to date.

IAB procures components from around the world in search of those that will best meet its customers’ product needs. To ensure the quality of these components, Omron’s specialized technicians periodically inspect the production lines of component manufacturers, and we otherwise work with these manufacturers to manage quality. In this manner, we have put in place systems that prevent defective products from being created by suppliers.

IAB also conducts quality management during the development phase. Based on a clear understanding of the characteristics of each component to be used, component quality plans are established to provide a multifaceted evaluation of product functions from the user’s perspective. These plans are used to evaluate the design of all products. Should an issue be discovered, response teams quickly develop appropriate revisions and preventative measures and then rapidly communicate these measures throughout all areas of operation in accordance with global standards. In this way, the quality management methods developed in Japan have been made the standard for our global operations, and we have installed an effective improvement cycle in all regions of operations. As a result, the number of requests to analyze products in response to issues discovered declines with each coming year.

At the same time, the information gained from repairing and analyzing products brought into repair centers in each region helps us develop an understanding of the differences in infrastructure and product usage methods between regions. This understanding in turn enables us to adapt the specifications of products to the needs of specific areas. For example, in response to feedback from China, we developed power supply equipment that functions stably even in areas with unstable power supplies. Through such efforts, we are creating new products, services, and support methods based on the feedback received daily through our global network of more than 160 bases.

Our global network of more than 160 bases is a powerful tool for supporting customers in advancing the globalization of their business. Each base provides technical consulting, repairs, and other services to meet the needs of the region in which they are located.

Creation of Safe and Secure Products That Meet Area Needs

OMRON HEALTHCARE Co., Ltd., is accelerating the globalization* of products. To this end, it employs universal design concepts to make its products easy for anyone to use. At the same time, the company works to uncover latent needs stemming from the unique lifestyles and cultural backgrounds seen in the markets of emerging countries, which are known for featuring a diverse range of lifestyles.

One example of these efforts would be the HBP-1300 blood pressure monitor for medical institutions, which was developed to be especially easy to use for the nurses that measure the blood pressure of patients in Chinese hospitals. This product employs universal design concepts to enhance operability in medical institutions. The monitor is slanted to make the display easier to see by nurses when they measure patients’ blood pressure while standing. The HBP-1300 is also the first Omron blood pressure monitor equipped with shock-absorbing bumpers to protect the device should it be dropped. Further, to meet the requests of nurses, the device features a backlight that allows for measurement results to be read even in dark places, such as the nighttime hospital ward. In addition, OMRON HEALTHCARE responded to the needs of medical institutions, where measurements are frequently conducted, by utilizing more durable pumps and sensors to increase the overall durability of the HBP-1300.

The HBP-1300 has since been adjusted in consideration of the needs of Japan, India, and other markets, and it is now catering to the needs of a diverse range of medical institutions around the world. Going forward, OMRON HEALTHCARE will continue to plan products ahead of social trends in order to propose the use of items that satisfy people around the world.

* Globalization: A combination of globalization and localization

Initiatives to Improve the Reliability of Solar Power Systems

OMRON Aso Co., Ltd., operates Omron’s main factory for eco-friendly products and is thus responsible for manufacturing PV inverters and energy monitoring equipment. For some time now, this company has been working to reduce energy wastes and stabilize usage by installing energy monitoring systems and actively trading energy usage. In order to further accelerate these efforts, we established the Aso Solar Power Training Center, which serves as a training site for improving engineering capabilities and acquiring the ability to verify whether or not energy is being used optimally in solar power generation systems.
Respect for Individuality and Diversity and Cultivation of Human Resources That Can Compete on the Global Stage

One of the Management Commitments described within the Omron Principles is “Respect for individuality and diversity.” Based on this spirit, Omron believes that it is vital to motivate employees with various values and opinions to fully demonstrate their capabilities without regard to their nationality, gender, or disability in order to achieve both individual development and growth of the Company. In accordance with this belief, we aim to make Omron a company that encourages people to grow.

Global Human Resources Strategies for Individuals and Teams

Omron has positioned human resources strategies as an important element of its overall management strategy to be advanced in order to ensure the steady progress of its long-term management vision, Value Generation 2020 (VG2020). The main constituents for advancing these strategies will be the individuals and teams within the Group, and Omron’s human resources strategies call for both of these to be strengthened. Specially, we are implementing the following three human resources strategies, which have been developed in consideration of tasks that currently need to be addressed.

The first is the development of human resources that can fill “core positions,” or posts that have been defined as critical. This strategy aims to address the task of maintaining a sufficient number of quality global business leaders. Omron has defined 170 core positions, 60 of which are based overseas, that are critical to advancing the VG2020 strategies, and it is actively seeking out and educating human resources capable of filling these positions. In addition, the same position evaluation standards are applied throughout Omron’s global operations to assign the best employee to each position from a total optimization perspective, no matter where in the world the employee is based.

The second strategy is to establish global uniformity with regard to human resources systems. In concrete terms, we will adjust systems for positioning, transferring, developing, and evaluating human resources on a global basis. In fiscal 2012, we instituted a program for selecting and educating future business leaders. At the same time, we began developing standard global programs for new employees and new managers.

The third is developing a global corporate culture united by practicing the Omron Principles, our corporate philosophy. We have defined the appropriate corporate culture for guaranteeing the success of VG2020 as a strong team-based culture that encourages employees to continue taking on new challenges. For individuals, we expect them to be strong as professionals while also having strong ties to their coworkers. More specifically, we are targeting a corporate culture in which all employees around the world share the same goals and take on challenges while working together as a team. As one concrete initiative, we began presenting The OMROM Global Awards (TOGA). In this competition, employees submit examples of themselves undertaking challenges related to the three Management Principles of the Omron Principles—challenging ourselves to always do better, innovation driven by social needs, and respect for humanity. We then select superior examples of employees exercising the corporate philosophy through presentation rallies and qualifying competitions, with winning entries shared throughout the Omron Group. In fiscal 2012, more than 20,000 entries were received from around the world on approximately 2,500 different themes. This competition will continue to be based on voluntary entry to encourage employees to act on their words so that we may subsequently share throughout the Group examples of exercising the corporate philosophy that we want other employees to emulate. We believe that this approach will further enunciate a corporate culture that inspires employees to take on challenges.

Workplace Environment

OMRON Taiyo lists examples of improvement activities from various perspectives—quality, productivity, the environment, occupational health and safety, and work life environment—on its website. At OMRON Kyoto Taiyo, improvement activities are advanced by all employees under the slogan of “A step of a hundred is greater than 100 steps of one.” These activities focus on organization, orderliness, and cleanliness and help cultivate a drive for improvement and a pioneer spirit.

Employee Improvement and Recognition

OMRON Taiyo and OMRON Kyoto Taiyo have advanced the following activities to recognize employee improvement and encourage more comfortable workplaces for people with disabilities.

- **OMRON Global Awards (TOGA)**
  - Held on the company’s headquarters in Kyoto, this competition recognizes the improvement activities of employees in the OMRON Group worldwide. In fiscal 2012, more than 20,000 entries from around the world were received on approximately 2,500 different themes. This competition will continue to be advanced by employees under the slogan of “A step of a hundred is greater than 100 steps of one.”
  - Employees are encouraged to participate voluntarily to further promote the corporate philosophy that inspires employees to take on challenges.

- **Empowerment of Women on a Global Scale**
  - Recognizing the importance of empowering women, Omron established a new department for this purpose in fiscal 2012, and it is actively advancing empowerment initiatives.
  - In fiscal 2013, Omron has committed to recruiting talented people without regard to gender while also working to establish a workplace environment that can fully demonstrate their capabilities and contribute to the Company’s management.

- **Expansion of Employment Opportunities for People with Disabilities**
  - OMRON Taiyo and OMRON Kyoto Taiyo, at OMRON, we respect individuality and diversity, as is pledged by the Omron Principles. As such, we are expanding employment opportunities for people with disabilities. Inspired by our corporate core value—“Working for the benefit of society”—we established OMRON Taiyo Co., Ltd., in 1972 in cooperation with social welfare organization Japan Sun Industries. Based in Beppu, Oita Prefecture, this company established Japan’s first factory for the employment of people with disabilities. Later, in 1986, we established OMRON Kyoto Taiyo Co., Ltd., in Kyoto.
  - Over the years, a number of measures have been implemented to make OMRON Taiyo and OMRON Kyoto Taiyo more comfortable workplaces for people with disabilities.
Resolving Environmental Issues

New Vision Contributing to the Global Environment

Recognizing environmental preservation as a management priority, Omron revised its environmental management vision, which is now called “Green Omron 2020,” in 2002. Based on this new vision, the Company will promote two key measures: environmental contributions of its products and services and reduction of the environmental impact of its business activities.

Green Omron 2020

Reduction of Environmental Impact on a Global Scale

Omron established the Group’s Environmental Policy in 1996 and its environmental management vision, “Green Omron 21,” in 2002. Based on this policy and vision, Omron has promoted environmental management practices centered on lessening the impact of its business activities on the environment. Efforts were concentrated on reducing total CO₂ emissions and the amount of waste associated with business activities in Japan.

Omron Group Environmental Policy

Based on the Omron Group Corporate Motto and the Omron Principles, we will contribute to the reduction of global environmental loads by maximizing the effective use of management resources, such as human resources, materials, money, and energy, and providing useful products and services for society.

1. Considering the environmental impact of the Omron Group’s business activities, products, and services, we will establish the Environmental Management System globally and ensure continual improvements.

2. We will comply with the legal and other requirements to which we subscribe concerning environmental aspects, and we will take actions for environmental conservation and the prevention of pollution.

3. Under the Environmental Policy, we will establish and implement objectives, targets, and programs, and through their periodic evaluations we will strive to improve, maintain, and review our activities.

4. To accomplish the objectives of the Environmental Policy smoothly and efficiently, we will communicate it to all employees by providing environmental education and activities as well as subcontractors engaged in activities with the Omron Group.

5. We will disclose the Environmental Policy and the status of our environmental activities to the public in an appropriate manner as necessary.

Green Omron 2020 Environmental Targets

The Omron Group’s Environmental Targets for Fiscal 2020

1. Improve carbon productivity*1 for global production sites by 30% compared with the fiscal 2010 level on a global basis

2. Environmental contribution*2 > CO₂ emissions from global production sites

For more information regarding the progress of 1. and 2., please refer to Financial and Non-Financial Highlights on page 21.

Activity Areas and Action Guidelines

Maximizing effective use of management resources (Improvement of energy/resource productivity)

Offering products/services beneficial to society (Expansion of business that contributes to the global environment)

Reducing environmental loads of business activities

Expanding contribution to improving the environment through products/services

Less

More

Eco-Factories / Offices / Laboratories

Eco-Products

Eco-Logistics

Eco-Management

Eco-Mind

Eco-Communication

Strive to minimize the input of energy/resources for business activities while promoting recycling/house and reduction to minimize waste.

Assess environmental impact of the entire supply chain, ranging from the procurement of raw materials to production, sales, and distribution, and strive to reduce its negative impact on the environment.

Promote environmental education and awareness-raising activities to encourage all employees to heighten their ecological awareness and upgrade the level of environmental preservation activities they are involved with.

Offer customers environmentally warranted products that help reduce negative environmental impact throughout their life cycles.

Expand acquisition of ISO 14001 certification and establish a multi-site ISO registration system while reducing environmental risk and ensuring regulatory compliance.

Proactively release information on Omron’s environmental activities and results and promote social and community contributions.
Quest to Become the No. 1 Eco-Factory in the Industry

Receipt of the METI Minister's Prize in the Energy Conservation Grand Prix Program

Promoting an eco-conscious initiative for plant diagnostics and optimization through the Andon environmental information system

In fiscal 2012, Omron received the Minister of Economy, Trade and Industry Prize (METI Minister’s Prize) in the Energy-Saving Activities Category of the 2012 Energy Conservation Grand Prix Program. This award program is hosted by the Energy Conservation Center, Japan (ECCJ), and supported by the Ministry of Economy, Trade and Industry. Omron was awarded this highest honor for the environmentally responsible initiative being implemented at its Ayabe Plant in Kyoto. The initiative employs the Andon system to conduct diagnoses used to optimize the plant’s power usage and other production-related variables.

Eco-Factory Initiative

In October 2010, the Ayabe Plant launched an initiative to further enhance energy-saving efforts at its production site. Through this initiative to maximize energy efficiency, the Ayabe Plant aims to cut power usage in specified areas to half the existing level by March 31, 2014. The ultimate goal of this effort is to become the “No. 1 eco-factory in the industry.”

The efforts at this plant began with monitoring electricity usage data and were then expanded to include energy-saving activities conducted by identifying causes of energy waste and improving operational efficiency. The plant will subsequently use control technologies to further boost energy savings. In the future, the plant intends to utilize renewable energy and regenerative energy to create and store energy. Through this series of efforts, the Ayabe Plant is devoted to optimizing energy usage throughout the entire factory.

To this end, the Ayabe Plant has installed a variety of sensors and its own Andon diagnostic system for power usage. This system enabled the real-time monitoring and diagnoses of events for which no improvements had been possible up until this point due to the time-consuming nature of examination and analysis processes. This in turn helped facility management staff (suppliers of energy) and factory operators (users of energy) to work collaboratively to promote energy conservation.

As a result of these efforts, the Ayabe Plant was able to realize a 50% reduction in power consumed by clean rooms, which require a large amount of electricity. At the same time, the amount of airborne dust was reduced by two-thirds. These are just some examples of the 34 documented energy-saving and environmental improvements that the plant had achieved in January 2013 by cutting electricity usage while improving productivity and product quality. The Ayabe Plant has been continuously implementing new energy-saving activities in order to increase the number of improvement cases to 50, aiming to attain its initial goal of halving power usage in specified areas by March 31, 2014.

The Ayabe Plant’s Eco-Factory Goal

The plant is also active in sharing its improvement efforts by arranging factory tours and holding seminars for manufacturers at home and abroad.

From Monitoring to Diagnostics: The Andon Environmental Information System

Effective monitoring entails helping track recorded electricity and environmental data by displaying it through graphs, bulletin boards, and other means. In order to make further use of this information, it can be deciphered and analyzed according to usage goals. It is also possible to further evolve these analyses to provide diagnostics that inform users about the differences between their goals and reality and, more importantly, help them realize what they must do in order to address these issues.

Omron’s Andon environmental information system is capable of providing such diagnostics through constant and centralized monitoring of relevant variables. The Andon system is not a monitoring tool to be used by managers in charge of energy savings. Rather, the system is ideally used as a bulletin board for communicating energy-saving and environmental data among the production floor staff that are most knowledgeable about operations.

One function that is particularly characteristic of this system is the abnormality monitoring function that informs floor staff what to do should operating conditions change or an abnormality be detected. Another characteristic function is the Andon system’s ability to conduct diagnoses used to optimize the plant’s power usage and other production-related variables. The Andon system effectively fosters awareness regarding energy saving among all employees and helps all-hands initiatives be advanced.

Contribution to the Future

It is often believed that energy savings cannot be realized at productions sites without sacrificing quality or productivity. However, Omron feels that fundamental improvements in energy-saving and environmental initiatives can enable these activities to be advanced while simultaneously realizing improvements in quality and productivity.

The Andon environmental information system was commercialized in June 2013. By providing products such as this, Omron aims to share the knowledge it has gained through eco-conscious optimization initiatives with manufacturers and other customers in Japan and the rest of the world. In this way, we aim to contribute to the future of manufacturing by enabling customers to more easily maximize their energy efficiency.

Optimize

Analyze

Monitor

Diagnose

Evaluate differences between goals and reality

Control and prevention

Implement improvements

Awareness

Awareness

Industries No. 1 Eco-Factory

We define “eco-factories” as those factories that address environmental issues head-on and are fully equipped with technological systems for using industrial products with reduced environmental impact, lowering pollution, preserving ecosystems, saving energy, and employing recycling production systems that conserve resources.

2010 2011 2012 2013 (FY)
Relationship Building with Shareholders

IR Activities Focusing on Dialogue

With its investor relations (IR) policy emphasizing interactive communication with current and potential investors, Omron provides timely and accurate information on the Company’s business conditions and management policies. Omron also aims to reflect investors’ comments in its management strategies to the fullest extent possible to maximize corporate value.

Creating More Open and Interactive Shareholders’ Meetings

In an effort to make its shareholders’ meetings more open and easier for shareholders to attend, Omron schedules meetings to avoid days on which the shareholders’ meetings of other companies are concentrated. We use a conveniently located hotel at the JR Kyoto Station as the venue for these meetings. Also, we have adopted systems that allow shareholders to exercise their voting rights by post as well as an electronic voting system that enables shareholders to exercise their voting rights via personal computer or mobile device. Since 2006, Omron has offered access to the Electronic Voting Platform, creating an environment whereby institutional investors in Japan and overseas can quickly provide documents for the general meeting and smoothly exercise their voting rights.

After the close of the general meeting, a separate presentation to explain management conditions is held as well as a shareholder round-table conference. These events provide the opportunity to offer shareholders further information on Omron’s initiatives that could not be communicated during the general meeting.

In fiscal 2012, we worked to make the convocation notice for the general meeting of shareholders easier to understand. To this end, notices were printed in color and made more visual through the inclusion of photographs and graphs. The information content of the notice was also enhanced. Our June 2012 meeting was attended by 796 shareholders, 134 more than in the meeting in the preceding year (fiscal 2011), making for the highest attendance figure ever. In addition, 84.3% of voting rights were exercised, which represented an increase of 2.6 percentage points from the preceding year.

In order to provide information to shareholders as quickly as possible, the convocation notice for the 76th general meeting of shareholders, released in May 2013, was posted on the Company’s website prior to being mailed.

Aiming to Strengthen Two-Way Communications

To enhance communications with individual investors, Omron conducts corporate presentations and participates in investor fairs. In fiscal 2012, Omron participated in 17 IR events, communicating with some 1,100 investors.

Omron was thus presented with the prestigious IR Grand Prix Award as this is its third time to receive an award through this program. The Japan Investor Relations Association’s Seventeenth Annual IR Grand Prix. The IR Grand Prix Award is only presented to companies that have received the Best IR Award at least two other times in the past. Having received the Best IR Award in fiscal 2006 and fiscal 2007, Omron was thus presented with the prestigious IR Grand Prix Award as this is its third time to receive an award through this program. The Japan Investor Relations Association’s reasons for presenting this award to Omron are as follows.

<Reasons for Selection>

• The president, head of management, has continued to conduct active dialogues with investors since his appointment.
• Important information isaccumulated within the IR department, which is placed under direct control of the president, and the department offers appropriate responses to inquiries.
• The IR department displays strong motivation toward improvement and discloses easy-to-understand information and explanations with regard to each business division.
• The investor relations department values investor feedback and holds internal explanatory forums and conducts other activities to transmit this feedback throughout the Company.
• The Company conducts activities to respond to the needs of individual investors through a multifaceted program incorporating its website, investor fairs, and explanatory forums.
• The annual report has highly evaluated statements from representatives ofeach business division, and the CSR report has been integrated into this report.

Creating More Open and Interactive Shareholders’ Meetings

In fiscal 2012, we held tours of our plant in Kumamoto Prefecture for institutional investors and analysts.

Undertaking Proactive Information Disclosure

We employ an IR site and various other tools to support interactive communications with shareholders and other investors by disclosing information on product development and sales activities tailored to specific markets as well as information on operating performance. Our IR site features a message from the president, explanations of our strategies and operating performance, and video footage.

In fiscal 2012, we held tours of our plant in Kumamoto Prefecture for institutional investors and analysts.

Going forward, we will continue to pursue improvement to better provide information to our shareholders, investors, and all of our other stakeholders.
The Omron Principles and CSR Management

Living Up to the Corporate Core Value of “Working for the Benefit of Society”

Corporate Motto and the Omron Principles

<table>
<thead>
<tr>
<th>Corporate Motto</th>
<th>At work for a better life, a better world for all</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>The Omron Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Innovation driven by social needs</td>
</tr>
<tr>
<td>• Respect for individuality and diversity</td>
</tr>
<tr>
<td>• Self-reliance and mutual support</td>
</tr>
<tr>
<td>• Maximum customer satisfaction</td>
</tr>
<tr>
<td>• Integrity and high ethics</td>
</tr>
</tbody>
</table>

On May 10, 2006, in honor of Omron’s Foundation Day, the Company announced its new corporate principles, the Omron Principles. The new principles were established to respond to the change in values society requires from companies as well as Omron’s drive to promote business globally. According to the Omron Principles, “Working for the benefit of society” is positioned as the corporate core value that describes the true purpose of the Omron Group’s existence.

Instilling “Management Commitments” and “Guiding Principles for Action” Based on the Corporate Core Value through Two Guidelines

To ensure the fundamental CSR concepts specified in the Management Commitments are being thoroughly practiced by all Group employees, Omron has formulated two guidelines. The CSR Practice Guidelines establish a code of conduct outlining the societal responsibilities of each organization in the Omron Group. The second guideline, Implementing the Guiding Principles for Action, details specific actions expected of all employees in the course of their everyday activities and constitutes Guiding Principles for Action for the corporate philosophy.

We distribute both guidelines to all employees in Japan, and we are striving to instill and entrench them through our CSR-based concept of our corporate core value, “Working for the benefit of society.” To cultivate employee understanding, workplace meetings are held once each year to confirm and debate the content of these guidelines.

We have translated these two guidelines into 25 languages so that they can be put into practice on a global basis.

Activities to Instill the Omron Principles

Throughout its history, Omron has continued to advance activities geared toward instilling its corporate philosophy on a global basis. After the 2006 revision of the Omron Principles, the Company’s directors held a series of lectures targeting executives to explain and further instill this corporate philosophy. These lectures were held over the period from 2008 to 2009 and were attended by a cumulative total of 3,000 executives. Between 2010 and 2012, Omron’s chairman and vice chairman visited the sites of global operations, where they met with 300 executives to discuss the concepts behind the Omron Principles and their implementation. These meetings assisted in confirming mutual understanding with regard to the principles. In fiscal 2012, we launched two new initiatives—The Omron Principles Dialogues and The OMRON Global Awards (TOGA). These initiatives are designed to cultivate a corporate culture with an emphasis on addressing new challenges by facilitating understanding with regard to the Omron Principles so that they may be linked to one’s work and practiced therein.

The Omron Principles Dialogues

The Omron Principles Dialogues are a series of group workshops focused on developing a pioneer spirit within the framework of the corporate philosophy. These workshops are held for all Omron Group employees around the world. To further deepen understanding with regard to the importance of the Omron Principles and their implementation at overseas subsidiaries, the Company’s chairman meets with the senior management of these subsidiaries and holds lectures and group discussions on the subject. After such meetings with senior management, these managers conduct group sessions at the operating sites around the world. We expect that these efforts will produce results during fiscal 2013 as all employees come together in exercising a pioneer spirit.

Maintaining Honest Dialogue with Stakeholders to Build Relationships of Trust

Basic CSR Policy

While remaining true to the basic spirit of our corporate motto and corporate core value, as expressed in our Management Commitments, we manage our business in a way that emphasizes the importance of honest dialogue with shareholders to forge relationships of trust.

CSR Practice Policies

- Contribute to a better society through business operations. Continuously offer advanced technologies and high-quality products and services by stimulating innovation driven by social needs.
- Show a commitment to addressing societal issues as a concerned party.
- Always maintain fairness and integrity in the promotion of corporate activities.
- Institute clear corporate activities that maintain fairness and integrity not only through strict compliance with laws, regulations, and social rules but also through increased accountability.

Integrating CSR Promotion Under Our Management Strategy

In fiscal 2011, Omron formulated a new long-term strategy, VG2020, centered on a CSR perspective, thereby integrating CSR and overall strategies. While considering international guidelines, such as ISO 26000 and the United Nations Global Compact (UNGC), we identify individual CSR issues, and supervisory departments and the CSR-related committees will take primary charge as we work to resolve these issues on a Groupwide basis.
Promotion of CSR throughout the Value Chain

The Omron Group aims to create products that customers can trust while fulfilling its social responsibilities in all of its business activities. In order to accomplish this, it is not enough for us to act alone; cooperation will be required from our customers, suppliers, and other partners throughout all areas of the value chain.

As one facet of these efforts, Omron has developed a self-analysis checklist based on the Electronics Industry Code of Conduct (EICC), which is used primarily at production sites in China and the Asia Pacific region. This checklist is utilized as a means of evaluating the current progress of CSR initiatives, uncovering issues, and formulating responses to these issues.

Further, in fiscal 2012, we included a “request for non-use of conflict minerals” among our requests to suppliers.

Accordingly, we now make requests to suppliers with regard to the following nine areas.

1. Compliance with laws, regulations, and social norms
2. Assurance of the best quality
3. Best pricing for parts and materials
4. Consideration of the global environment
5. Request for non-use of conflict minerals
6. Stable supply of parts and materials
7. Technical capabilities
8. Sound business operation
9. Thorough information management

<Response to Conflict Mineral Issues>

Omron is committed to maintaining and exercising a proper corporate governance system while increasing management transparency. To firmly establish a high standard of corporate ethics, we will continue to enhance our corporate governance system and strengthen the risk management framework that supports ongoing improvement in corporate value.

Observance of International CSR Standards and Guidelines

Omron considers such international standards and guidelines as the Universal Declaration of Human Rights, the UNGC, ISO 26000, and the OECD Guidelines for Multinational Enterprises and has formulated CSR Practice Guidelines as a framework for the Groupwide code of conduct. In 2008, Omron declared its support for the 10 Principles of the UNGC, which are universally accepted principles in the areas of human rights, labor standards, the environment, and anti-corruption. Accordingly, Omron joined the Global Compact Japan Network (GCG-JN), a local Global Compact network. Omron will continue to uphold the UNGC’s 10 principles and sincerely implement them to meet the expectations of stakeholders.

July 2013
Omron Corporation
Fumio Tatsushi
Chairman of the BOD

Auditing Functions

The Audit & Supervisory Board, composed of four audit & supervisory board members, audits governance practices and monitors the everyday management activities of the Board of Directors and other management staff as well as the nature and operational conditions of the corporate governance regime. The Internal Audit Division, which reports directly to the president and CEO, periodically conducts internal audits of accounting, administration, business risks, and compliance in each headquarters division and in each business company as part of its internal auditing function. Moreover, the Internal Audit Division offers specific advice for improving business functions.

Appointment of Outside Executives

To allow the Board of Directors to monitor business execution as a representative of the Company’s stakeholders, two of the seven directors are outside directors and two of the four audit & supervisory board members are outside members. Emphasizing the independence of outside executives, Omron has formulated its own original Outside Executive Eligibility Criteria in addition to the requirements under Japan’s Corporate Law.

Also, the Corporate Governance Committee takes steps to confirm the Outside Executive Eligibility Criteria do not pose any conflict of interest, and to ensure that they are in the best interest of the Company.

Corporate Governance

Basic Policies

At Omron, senior management was quick to realize the importance of corporate governance and has progressively developed foundations for supporting good corporate governance. As such, Omron has worked to drive the spread of such foundations in Japan and other countries by having officials assuming principal posts in relevant external organizations and through other means.

Omron’s basic policy is to fortify corporate governance based on the belief that the most crucial factor in earning stakeholders’ support is building an optimal management structure and conducting fair business operations while enhancing the mechanism (a supervisory system) for such verification and realizing sustainable growth.

In line with this basic policy, Omron has adopted an executive officer system and clearly separates management oversight and business execution. Under an internal company system, Omron is realizing faster decision making and efficient business operations by delegating substantial authority to the president of each internal company. Moreover, autonomous individual business units that can specialize in managing their own business are being established.

Management and Oversight Frameworks

Omron is a “Company with Audit & Supervisory Board.” The corporate governance regime has a supervisory and observational function pertaining to the actions of the Board of Directors and also involves auditing carried out by the Audit & Supervisory Board.

Omron has set the number of members of its Board of Directors at seven to encourage efficient and meaningful discussion. Since June 2013, the Company has begun increasing the number of directors serving concurrently in positions related to business execution. This revision will effectively expedite decision making by directors and improve the efficiency of business execution. In addition, the Company has appointed outside and independent directors, thereby ensuring that directors concurrently fulfilling business execution roles do not represent a majority in the Board of Directors. In this manner, we are simultaneously improving corporate governance functionality.

To increase objectivity in management, the positions of chairman and president and CEO are separated. At the same time, every effort is made to bolster management oversight functions. The chairman of the Board of Directors monitors business execution activities as a representative of the Company’s stakeholders. Furthermore, Omron has established the Personnel Advisory Committee, the CEO Selection Advisory Committee, the Compensation Advisory Committee, and the Corporate Governance Committee, all chaired by outside directors. In this manner, the Company is working to increase the transparency and objectivity of management’s decision-making process.

By incorporating the best aspects of the Companies with Committees system, we have created a type of hybrid corporate governance regime that we feel is the most appropriate for the Company.

Promoting Sound and Proper Corporate Management
Corporate Governance Initiatives

Fiscal 2012 Director and Audit & Supervisory Board Member Remuneration

<table>
<thead>
<tr>
<th>Classification</th>
<th>Number of People</th>
<th>Basic Compensation</th>
<th>Bonus</th>
<th>Total Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>7</td>
<td>360</td>
<td>144</td>
<td>504</td>
</tr>
<tr>
<td>(Outside Directors)</td>
<td>(2)</td>
<td>(2)</td>
<td>(1)</td>
<td>(21)</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members (Part-time)</td>
<td>(2)</td>
<td>(1)</td>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>Total (Total for Outside Directors and Audit &amp; Supervisory Board members)</td>
<td>11</td>
<td>442</td>
<td>144</td>
<td>586</td>
</tr>
</tbody>
</table>

*Outside director compensation consists of basic compensation (monthly salary), bonus, and stock-based compensation*.

Stock-based compensation is administered following guidelines specifying set remuneration amounts to be paid on a monthly basis and utilized to acquire Company stock (through a director stock ownership plan), which is then held during the individual’s tenure.

**Corporate Governance Structure**

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**Director and Audit & Supervisory Board Member Remuneration**

To increase objectivity and transparency, the Compensation Advisory Committee, chaired by an outside director, is consulted on the compensation of directors. This committee discusses the compensation of each individual and makes recommendations.

After receiving these recommendations, the amount of compensation for each director is determined by a resolution of the Board of Directors, and the amount of compensation for each audit & supervisory board member is determined by discussions among the audit & supervisory board members (resolution of the Board of Corporate Auditors).

The following amounts are within the scope of the aggregate compensation amounts for all directors and all audit & supervisory board members, as each has been set by a resolution of the General Meeting of Shareholders.

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**Internal Controls**

Omnron conducts two types of internal audits to ensure the healthy and effective operation of its organization.

The Internal Control Audit is conducted to ensure the internal controls are functioning effectively in each of the four objective areas of financial report accuracy, legal compliance, operating efficiency, and asset safeguarding. The Management Audit examines the solutions and improvement measures implemented for specific management issues. In the event the results of these audits include items recommended for improvement, the Company supports measures to carry out the improvements.

In addition, the Omnron Group has established the Audit & Supervisory Board Office and placed full-time auditors in each of its four regions of global business—Americas, Europe, Greater China, and Asia Pacific—to implement internal audits based on local practices and legal systems at its business sites worldwide.
Strengthening Global Response Systems

Aiming to promote legal and regulatory compliance across the Group, Omron set up the Group Corporate Ethical Conduct Promotion Committee, in addition to the Group Corporate Ethical Conduct Promotion Committee. In addition, we have installed stringent legal affairs and compliance functions into regional head offices overseas to ensure that we can practice effective compliance and risk management in each region, whether overseas or in Japan.

In recent years, economic and business globalization has been accelerating, bringing about changes in legislation and other environments. At the same time, Omron is progressively advancing its operations on a global scale, which includes expansion into emerging countries, and this expansion has resulted in exposure to risks that could not be previously predicted. In order to respond to such changes in external and internal conditions, we have positioned compliance as a matter to be considered alongside risks, and we are conducting integrated global risk management initiatives accordingly. Commenced in fiscal 2011, these initiatives are geared toward addressing risks faced by the Group, such as natural disaster risks, in an integrated manner.

In fiscal 2012, Omron revised the Group Corporate Ethical Conduct Promotion Committee, transforming it into the Corporate Ethics & Risk Management Committee to enable better responses to compliance matters and other risks on a global scale. The members of this committee consist of compliance and risk management representatives from the corporate headquarters and each business company as well as from regional head offices. In addition, we have appointed risk managers at all Group companies in Japan and abroad and are taking other steps to create systems that allow for quick responses to risk-related matters on a global basis. Further, we have established the Basic Principles of Integrated Global Risk Management. These rules are applicable throughout the Omron Group, both in Japan and overseas, and serve as a framework for implementing an integrated global risk management plan-do-check-act (PDCA) cycle.

In accordance with the Basic Principles of Integrated Global Risk Management, we identify major risks faced by the Omron Group by collecting and analyzing risk-related information. The Executive Council then guides the entire company in implementing countermeasures to prevent the realization of such risks. In response to crises, we have established the Global Crisis Management Rules, which define a “crisis” as any event that has or may have a significant negative impact on the continuation of management and business activities by the Omron Group or any event that does or may harm the social credibility of the Company. These rules cover a wide range of areas while also outlining basic policies, reporting procedures, and the establishment of an Emergency Response Headquarters.

In fiscal 2013, regional head offices will play a central role in practicing integrated risk management in order to raise overall responsiveness to change, which will be essential to ensuring Omron becomes a stronger company.

Compliance and Risk Management

Omron conducts global risk analyses each year, based on which the Company identifies major risks and then responds to these risks in an integrated manner. The following is an explanation of such risks and the measures being implemented in response to these risks.

• Business continuity risks

The Company has established a business continuity plan (BCP) to minimize the impacts of emergency situations on operations. This plan contains provisions described above necessary to facilitate the safety as well as the continuity and early restoration of business operations in the event of a large-scale earthquake, such as a quake in the Nankai Trough or directly under the Tokyo metropolitan area, or other natural disasters; fires; a worldwide outbreak of a new form of influenza virus; and other emergency situations. To this end, the plan defines the conditions under which it will be instituted, describes methods of deciding alternative bases and transferring functions, and sets out what procedures are core to the Company’s operations. Related operating manuals have also been established.

We are continually improving our BCP by confirming its effectiveness and conducting BCP-related evaluations and drills.

• Risk of violation of laws in countries of operation

Omron develops its operations on a global basis, and it is therefore necessary to take precautions against violating laws related to the prevention of bribery of public officials, personal information protection, anti-trust measures, and security trade control. For this reason, the Company conducts employee education and training programs to ensure that employees are able to act in compliance with such laws.

• Information leakage risk (information security)

Omron has the basic policy of fulfilling its responsibility toward customers, society, investors, and other stakeholders through appropriate security management. In accordance with this policy, we conduct integrated management of confidential and personal information. Periodically, we also conduct employee training, checks of information management conditions at worksites, investigations of information management by subcontractors, and information security monitoring. Further, information security measures are constantly revised in accordance with the findings of these activities and changes in the external environment.

Overseas, we implement technological information leakage prevention measures and monitor information management at our various overseas production and R&D bases, implementing improvement measures as necessary. In addition, subsidiaries have formulated internal information management regulations in accordance with globally accepted rules and standards.

Recently, we have strengthened technological information security in light of the possibility of a cyberattack against our information systems. Going forward, we will continue to improve the level of information security management in Japan and around the world.

• Risks associated with transferring employees across borders

As Omron accelerates the global expansion of its operations, it is seeing a rise in the number of opportunities for personnel to be exchanged between companies and for employees to work in cooperation with people of various different nationalities. This in turn has increased the possibility that labor issues may appear due to differences in culture, customs, or treatment.

To prevent such issues from occurring, we are enhancing risk communication efforts and bolstering our ability to manage people with different cultural backgrounds.

• Purchasing and procurement risks

Omron conducts procurement by selecting reliable suppliers and asking that they cooperate with certain requests. These requests include those related to compliance and prohibition of child labor, forced labor, and bribery.

From the perspective of socially responsible procurement, Omron endorses the efforts to address conflict minerals issues that were instigated in the United States. Accordingly, we conduct investigations of major suppliers to determine whether or not they use conflict minerals and are otherwise addressing this issue in our mineral procurement efforts. We are committed to conducting appropriate purchasing and procurement activities, and, should the use of any conflict minerals in Omron products be discovered, we will take corrective action as quickly as possible.

• Environmental management risks

The Group works to comply with a wide variety of environmental laws and regulations, including those related to climate change, air and water pollution, hazardous substances, waste, product recycling, and the contamination of soil and groundwater.

In fiscal 2013, we will implement measures to further improve our responsiveness to environmental laws and regulations, with a particular emphasis placed on our operating sites and factories. These measures will include training related to such laws and regulations, compliance-related audits at production sites in China and the Asia Pacific region, and education programs on auditing methods for ensuring legal compliance.

Whistle-Blower Hotline

Establishing operational regulations with clearly stated provisions for the protection of whistle-blowers

In 2003, a whistle-blower hotline was established for Omron Group executives, full-time employees, and temporary staff as well as their families. Staff of the Legal Affairs Department handles hotline information within the Company, while an external attorney office serves to accept information. In operating the whistle-blower hotline, we have established internal regulations ensuring strict maintenance of security and the protection of whistle-blowers from any detrimental treatment. Moreover, Omron informs employees of the availability of the hotline through corporate ethics cards, through the intranet, and during new employee training. Overseas, a similar whistle-blower hotline has been established for operations in Americas, which was the first area to establish such a hotline outside of Japan.

In fiscal 2012, operations in Europe were equipped with a whistle-blower hotline, joining the ranks of Japan and the Americas, and such hotlines were installed for operations in the Asia Pacific region at the end of the fiscal year. During fiscal 2012, a total of 20 hotline reports and consultations were made in Japan, six were made in the Americas, and one was made through the new hotline in Europe.

In fiscal 2013, we will install a whistle-blower hotline in the remaining Greater China area. Further, in Japan and overseas, we will continue to promote employee awareness as to the hotlines’ existence and analyze case studies to help enhance the skills of advisors. In these ways, Omron will improve its response to whistle-blowing.
Directors, Audit & Supervisory Board Members, and Executive Officers
As of June 21, 2013

Directors

- Akio Sakumiya: President and CEO
  - April 1975: Joined Omron
  - June 2003: Executive Officer and President and CEO of OMRON Ichinomiya Co., Ltd. (now OMRON Amusement Co., Ltd.)
  - March 2009: President of Electronic and Mechanical Components Company

- Yoshinori Suzuki: Executive Vice President
  - April 1977: Joined Omron
  - June 2008: Senior Managing Executive Officer and CFO

- Kazuhiko Toyama: Executive Vice President
  - March 1993: Director
  - March 2008: President of Industrial Automation Company (to present)

Audit & Supervisory Board Members

- Eizo Kobayashi: Outside Director
  - April 1972: Joined TOCHU Corporation
  - June 2000: Executive Officer

- Yoshinori Suzuki: Audit & Supervisory Board Member (Full-time)
  - April 1977: Joined Omron
  - June 2008: Executive Officer

Honorary Chairman

- Yoshio Tateishi: August 1963: Joined Omron
  - May 1973: Director

- Honorary Chairman: Yoshio Tateishi
  - August 1963: Joined Omron
  - May 1973: Director

Audit & Supervisory Board Member (Independent)

- Elsuke Nagatomo: April 1971: Joined Tokyo Stock Exchange Executive Director
  - June 2003: Managing Director

- Inside Director
  - Eizo Kobayashi: April 1972: Joined TOCHU Corporation
  - June 2000: Executive Officer

- Executive Vice Chairman
  - Masayuki Tsuda: August 1975: Joined Omron
  - June 1997: Partner (to present)

- Executive Vice President
  - Masayuki Tsuda: September 2008: Regional Head for Germany and General Manager, Dusseldorf Office

- Audit & Supervisory Board Member (Full-time)
  - Eizo Kobayashi: April 1972: Joined TOCHU Corporation
  - June 2000: Executive Officer

- Executive Officer and CFO
  - Yoshinori Suzuki: April 1977: Joined Omron
  - June 2008: Executive Officer

- Executive Officer and President
  - Eizo Kobayashi: April 1972: Joined TOCHU Corporation
  - June 2000: Executive Officer

- Executive Officer and General Manager of Corporate Strategy Planning HQ
  - Yosuke Yamada: August 1975: Joined Omron
  - June 1997: Partner (to present)

- Group, Inc.
  - Eizo Kobayashi: April 1972: Joined TOCHU Corporation
  - June 2000: Executive Officer

- Established Corporate Direction Co., Ltd.
  - March 1993: Director

- President and CEO
  - Yosuke Yamada: August 1975: Joined Omron
  - June 1997: Partner (to present)

- President of Corporate Strategy Planning HQ
  - Yosuke Yamada: August 1975: Joined Omron
  - June 1997: Partner (to present)

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  - June 1997: Partner (to present)

- President and CEO
  - Yosuke Yamada: August 1975: Joined Omron
  - June 1997: Partner (to present)
Managing Officers

Masaki Arao  
Senior General Manager, Technology & Intellectual Property HQ

Kiichiro Kondo  
President and CEO, OMRON SOCIAL SOLUTIONS Co., Ltd.

Katsushiro Wada  
President and CEO, OMRON Automotive Electronics Co., Ltd.

Executive Officers

Kiichiro Miyata  
President and CEO, OMRON HEALTHCARE Co., Ltd.

Shigeaki Fujimoto  
Business Development Executive

Taiji Sogo  
Senior General Manager, Global Internal Auditing HQ

Koji Doi  
Chairman and President, OMRON (CHINA) CO., LTD. (China Resident Officer)

Yutaka Miyanaga  
Senior General Manager, Global Strategy HQ

Koji Nitto  
Senior General Manager, Global Resource Management HQ and Senior General Manager, Global SCM and IT Innovation HQ

Takashi Ikezoe  
Senior General Manager, Industrial Components Division HQ  Industrial Automation Company Chairman, OMRON (SHANGHAI) CO., LTD.

Kiyoshi Yoshikawa  
Senior General Manager, Global Manufacturing Innovation HQ

Shizuto Yukumoto  
Senior General Manager, Environmental Solutions Business HQ

Shinya Yamasaki  
Senior General Manager, Automation Systems Division HQ Industrial Automation Company

Satoshi Ando  
Senior General Manager, Investor Relations HQ

Yoshihiro Taniguchi  
President and CEO, OMRON SWITCH & DEVICES Corporation

Toshio Hosoi  
Managing Director, OMRON SOCIAL SOLUTIONS Co., Ltd.

Nigel Blakeway  
Chairman, President and CEO, OMRON MANAGEMENT CENTER OF AMERICA, INC. (U.S. Resident Officer) Chairman and President, OMRON MANAGEMENT CENTER OF EUROPE

Goshi Oba  
Chairman and President, OMRON INDUSTRIAL AUTOMATION (CHINA) Co., Ltd. Industrial Automation Company (China Resident Officer)

Isao Ogino  
Director and Senior Managing Officer  Senior General Manager, Management Strategy HQ OMRON HEALTHCARE Co., Ltd.

Masanori Takahashi  
President and CEO, OMRON RELAY & DEVICES Corporation
<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the year:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>¥617,825</td>
<td>¥619,461</td>
<td>¥650,461</td>
<td>$6,919,798</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes and equity in loss (earnings) of affiliates</td>
<td>41,693</td>
<td>33,547</td>
<td>41,237</td>
<td>438,691</td>
</tr>
<tr>
<td>Net income</td>
<td>27,016</td>
<td>16,352</td>
<td>30,117</td>
<td>320,394</td>
</tr>
<tr>
<td>Net income attributable to shareholders</td>
<td>26,782</td>
<td>16,389</td>
<td>30,203</td>
<td>321,309</td>
</tr>
<tr>
<td>Per share data (yen and U.S. dollars):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>¥121.66</td>
<td>¥74.46</td>
<td>¥137.20</td>
<td>$1.46</td>
</tr>
<tr>
<td>Diluted</td>
<td>121.66</td>
<td>74.46</td>
<td>137.20</td>
<td>1.46</td>
</tr>
<tr>
<td>Cash dividends (Note 1)</td>
<td>30.0</td>
<td>28.0</td>
<td>37.0</td>
<td>0.39</td>
</tr>
<tr>
<td>Capital expenditures (cash basis)</td>
<td>¥21,647</td>
<td>¥27,502</td>
<td>¥30,383</td>
<td>$323,223</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>41,300</td>
<td>42,089</td>
<td>43,488</td>
<td>462,638</td>
</tr>
<tr>
<td>At year end:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>¥562,790</td>
<td>¥537,323</td>
<td>¥573,637</td>
<td>$6,102,521</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>312,753</td>
<td>320,840</td>
<td>366,962</td>
<td>3,903,851</td>
</tr>
</tbody>
</table>

Notes: 1. Cash dividends per share represent the amounts applicable to the respective year, including dividends to be paid after the end of the year. 2. The U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate of 1,000 yen = $1.
### Market Environment

**1. Macroeconomic Environment**

In fiscal 2012, the Japanese economy benefited from the gradual alleviation of the residual impacts of the Great East Japan Earthquake. However, recession in the semiconductor industry continued, and overall conditions remained relatively unchanged from fiscal 2011. While real GDP experienced negative growth in the second quarter, the rapid rise in Japanese stock prices and depreciation of the yen seen in the latter half of the fiscal year helped improve consumer confidence. Personal consumption drove GDP at the end of the fiscal year, and year-on-year growth of 0.9% was recorded in the fourth quarter.

**2. The Omron Group Market Environment**

In regard to markets related to the Omron Group, white goods, other consumer electronics, electronic components, and healthcare devices saw robust demand throughout the entire fiscal year, while demand for semiconductors and machine tools was generally sluggish. Concerning automotive electronic components, capital investment and component demand was brisk outside Europe. However, the end of the government subsidies for the purchase of eco-friendly automobiles in Japan resulted in a decline in demand during the second half of the fiscal year.

### Financial Section

<table>
<thead>
<tr>
<th>Note:</th>
<th>FY2007</th>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Six-Year Summary**

Omron Corporation and Subsidiaries

Years ended March 31

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Millions of yen (except per share data)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Costs and expenses:**

- Cost of sales: 469,643
- Selling, general and administrative expenses: 176,569
- Research and development expenses: 51,520
- Other expenses, net: 1,067

**Income (loss) from continuing operations before income taxes and equity in loss (earnings) of affiliates:**

- 64,166

**Income taxes:**

- 24,272

**Equity in loss (earnings) of affiliates:**

- 348

**Income (loss) from continuing operations:**

- 39,546

**Income from discontinued operations, net of tax:**

- 3,064

**Net income (loss):**

- 42,600

**Net income (loss) attributable to noncontrolling interests:**

- 217

**Net income (loss) attributable to shareholders:**

- 42,383

**Per share data (yen):**

- Income (loss) from continuing operations:
  - Basic: 172.5
  - Diluted: 172.4

**Net income (loss) attributable to shareholders:**

- Basic: 185.9
- Diluted: 185.8

**Cash dividends (Note 1):**

- 42.0

**Capital expenditures (cash basis):**

- 37,384

**Total assets:**

- 617,367

**Total shareholders’ equity:**

- 368,502

**Value indicators:**

- Gross profit margin (%): 38.4
- Income before tax / Net sales (%): 8.4
- Return on sales (%): 5.6
- Return on assets (%): 10.3
- Return on equity (%): 11.3
- Inventory turnover (times): 5.0
- Price-earnings ratio (times): 11.0

**Interest coverage ratio (times):**

- 1.2

**Debt / Shareholders’ equity ratio (times):**

- 0.68

**Interest coverage ratio (times):**

- 44.3

**Notes:**

1. Cash dividends per share represent the amounts applicable to the respective year, including dividends to be paid after the end of the year.
2. In accordance with Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) No. 250, “Presentation of Financial Statements,” the figures of the consolidated statements of operations related to the discontinued operations have been separately reported from the ongoing operating results.
3. Starting with fiscal 2010, the PV inverter business in the “Industrial Automation Business” was transferred to “Other.” The figures of the segment information for the prior years have been restated to conform with the current year presentation.
4. From fiscal 2003, the Companies adopted the ASC No. 280, “Segment Reporting.” The figures of the segment information for the prior years have been restated to conform with the current year presentation.
Review and Analysis of the Statements of Income

Net Sales

In fiscal 2012, the Group implemented measures targeting the reinforcement of the Industrial Automation (IA) business, sales expansion in emerging markets centered on Asia, and the expansion of sales in the environmental solutions business through the development of a strong business model. These measures proved to be successful, and net sales were ¥731.5 billion on year, or 5.0%, to ¥650.5 billion, as a result.

By region, sales in Europe declined 3.7% year on year, primarily as a result of the persisting financial crisis. Regardless, sales were up 6.8% in Japan, 75.6% in the Americas, 5.2% in the Greater China region, and 4.7% in the Asia Pacific region. Performance in the Greater China region continued to lead other overseas segments in terms of both net sales and operating income.

Consolidated Operating Income Analysis (YoY)

Cost of Sales and SG&A Expenses

Cost of sales increased 4.4% year on year following higher net sales, and the cost of sales ratio declined 0.3 percentage point, to 62.9%. In fiscal 2012, the average price per kilogram of silver was ¥83,042, lower than the level of ¥92,379 seen in the previous fiscal year. The average price per kilogram of copper likewise declined, to ¥686 from ¥738 in fiscal 2011. However, the prices of these raw materials began rising once again in conjunction with yen depreciation in the latter half of fiscal 2012, and it will be necessary to carefully monitor these trends going forward.

SG&A expenses increased ¥70 billion, or 4.8%, from the previous fiscal year, but the SG&A-to-sales ratio declined 0.1 percentage point, to 23.4%. At the same time, R&D expenses were up ¥14 billion, or 3.3%, but the R&D-to-sales ratio was relatively unchanged from the previous fiscal year’s 6.8%, at 6.7%.

Other Expenses

Other expenses decreased ¥2.5 billion year on year, to ¥4.1 billion, due to improvement in foreign exchange loss, net.

Income before Income Taxes, Net Income Attributable to Shareholders, and Profit Distribution

As a result of the above, income before income taxes and equity in loss (earnings) of affiliates amounted to ¥41.2 billion, up ¥7.7 billion from the ¥33.5 billion recorded in the previous fiscal year. Likewise, net income attributable to shareholders was ¥30.2 billion, up ¥13.8 billion from the previous year’s ¥16.4 billion. Basic net income attributable to shareholders per share rose from ¥74.5 in fiscal 2011 to ¥137.2 in fiscal 2012.

The Company’s basic policy for dividend payments is to secure sufficient internal capital resources for future growth while maintaining a minimum 20% dividend payout ratio, targeting a 2% dividend on equity (DOE) ratio, and returning profits to shareholders to the greatest extent possible after these conditions are met. Beginning in fiscal 2013, the Company will raise the defined minimum for the dividend payout ratio to 25% and will issue dividends in accordance with that policy going forward.

For fiscal 2012, the Company issued a commemorative dividend of ¥5.0 per share to show its appreciation for its shareholders on the 80th anniversary of the founding of Omron on May 10, 2013. Combined with the regular dividend payment, this made for a total annual cash dividend of ¥37.0 per share, ¥9.0 per share higher than in the previous fiscal year. The consolidated dividend payout ratio was 27.0%, and the DOE ratio was 2.4% in fiscal 2012.

Overview of Consolidated Results and Financial Condition

In this market environment, the Omron Group’s consolidated net sales for fiscal 2012 rose 5.0% on year, to ¥650.5 billion. This increase was due to strong sales in the Automotive Electronic Components Business (AEC), the Social Systems, Solutions and Service Business (SSB), and the Healthcare Business (HC). Due to higher sales as well as the benefits of improved efficiency with regard to fixed costs and reduced variable expenses in all segments, operating income was up 13.0%, to ¥45.3 billion; income before income taxes rose 22.3%, to ¥41.2 billion; and net income attributable to shareholders soared 84.3%, to ¥30.2 billion. In this manner, all income figures showed substantial increases.
Higher sales and profit structure reforms centered on the railway infrastructure business resulted in a 2.37% increase in operating income, to ¥2.9 billion. In the railway infrastructure business, replacement demand for railway infrastructure equipment recovered from the slump that followed the Great East Japan Earthquake, and performance of safety and security solutions centered on remote monitoring systems was particularly strong. Further, sales were up for the traffic control and road control systems business’s safety and security solutions; the environmental solutions business’s solar power system services, electricity storage systems, and monitoring and control systems; and the related maintenance business’s solar power-related products. In this manner, all major business areas saw favorable sales.

Healthcare Business (HCB)

HCB net sales stepped up 14.5% year on year, to ¥71.5 billion, and operating income was up 51.0%, to ¥4.4 billion, following strong sales in Japan and overseas. In the in-home healthcare care device field in Japan, sales of mainstay blood pressure monitors and thermometers recovered, and we worked to stimulate new demand through the introduction of new products. As a result, overall performance in this field was strong. In equipment for use in medical institutions, there was a gradual recovery trend in investment among major hospitals, and performance proved favorable. Overseas, demand for healthcare devices continued to increase in Russia and China as well as in emerging countries in the Asia-Pacific and other regions. Operations also benefited from a business alliance related to the sale of electric toothbrushes in Europe and the influence of yen depreciation in the second half of the fiscal year. All these factors contributed to earnings in overseas operations.

Other Businesses

The Other segment’s net sales increased 10.7% year on year, to ¥90.2 billion. Due to the operating income of ¥2.5 billion was recorded, compared with an operating loss of ¥3.6 billion in the previous fiscal year. This improvement can be attributed to higher sales in the Environmental Solutions Business as well as to the benefits of profit structure reforms instituted in all businesses. In July 2012, a feed-in-tariff scheme for renewable energy was launched in Japan, sparking interest for renewable energy throughout the country and contributing to significant increases in sales of mainstay PV inverters in the Environmental Solutions Business. In the Micro Devices Business, demand for microphones and custom integrated circuits for industrial use was up, driving strong performance. Likewise, performance was also impressive in the Backlight Business due to increased demand from the smartphone market. However, the Electronic Systems & Equipments Business suffered from sluggish performance due to reduced demand from major customers for industrial-use computers, contract development and manufacturing services for electronic devices, and other offerings. This offset the solid demand for uninterruptible power supply units that resulted from electricity shortages in Japan.

Financial Condition

Assets
Total assets amounted to ¥767.6 billion at the end of fiscal 2012, representing an increase of ¥36.3 billion, or 6.8%, compared with the previous fiscal year-end. This rise was largely due to increases in notes and accounts receivable—trade and cash and cash equivalents accompanying higher sales and income.

Liabilities and Shareholders’ Equity
Total liabilities amounted to ¥404.9 billion, down ¥10.8 billion from the previous fiscal year-end. This decline was largely due to lower short-term debt and termination and retirement benefits.

Financial Section

Growth in Net Sales by Business Segment

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>33.3%</td>
<td>30.8%</td>
<td>30.4%</td>
</tr>
<tr>
<td>China</td>
<td>4.4%</td>
<td>8.1%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Europe</td>
<td>13.2%</td>
<td>12.4%</td>
<td>13.3%</td>
</tr>
<tr>
<td>Americas</td>
<td>9.8%</td>
<td>11.0%</td>
<td>10.7%</td>
</tr>
</tbody>
</table>

Composition of Net Sales by Business Segment

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAB</td>
<td>44.0%</td>
<td>43.7%</td>
<td>40.4%</td>
</tr>
<tr>
<td>EMC</td>
<td>13.2%</td>
<td>13.4%</td>
<td>12.9%</td>
</tr>
<tr>
<td>AEC</td>
<td>13.6%</td>
<td>13.7%</td>
<td>15.0%</td>
</tr>
<tr>
<td>HCB</td>
<td>9.8%</td>
<td>10.1%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Other</td>
<td>8.0%</td>
<td>8.6%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

Note: The composition of net sales is based on the classifications reported in the Six-Year Summary (page 88).

Cash Flows

Cash and cash equivalents at the end of the fiscal year stood at ¥55.7 billion, a ¥10.5 billion increase from the end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥369.1 billion, up ¥21.1 billion from the previous fiscal year. Major factors included an increase in net income before the deduction of noncontrolling interests and a decrease in inventories.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥261.3 billion, up ¥105.9 billion from the previous fiscal year. Major factors included a decrease in cash and cash equivalents, an increase in intangible assets, and a decrease in investments.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥186.6 billion, down ¥14.9 billion from the previous fiscal year. Major outflows included those to repay debt and issue dividend payments.

2. Review of Operations by Region

Japan

In Japan, capital investment demand for electronic components was sluggish and particularly poor for semiconductors. However, demand recovery was seen in a wide range of other fields, including those for automotive products and medical equipment. Also, the change in the mindset of the populous of Japan following the Great East Japan Earthquake drove sales of products related to safety and security and to the environment to improve. As a result, sales in EMC, AEC, SSB, HCB, and the Other segment all showed year-on-year increases. Accordingly, net sales (including direct exports) in Japan rose 6.8% year on year, to ¥230.5 billion, and operating income was up 45.2%, to ¥31.5 billion.

America

In the Americas, there were signs of improvement in employment conditions and the housing market, resulting in a gradual recovery in the economy. In particular, conditions in the automotive markets were brisk, supporting sales in IAB and EMC. As a result, net sales in the Americas rose 75% year on year, to ¥328.5 billion. However, operating income was down 62.4%, to ¥11.1 billion, due to the worsening of product mix and the influence of the sovereign debt crisis, and overall economic conditions remained poor. During the second half of fiscal 2012, amid the depreciation of the yen, we undertook new business ventures, such as an alliance in HCB related to the sale of electric toothbrushes. Regardless though, earnings in IAB and EMC were low. As a result, net sales in Europe declined 3.7% year on year, to ¥20.2 billion, and operating income decreased 24.0%, to ¥2.3 billion.

Greater China

In China, the rate of economic growth decelerated and there were signs of deterioration in other economic indicators as well. However, demand remained solid on the whole. There were some reasons for concern, such as the slump in product exports to Europe and the sudden drop in sales by Japanese automobile manufacturers, but brisk internal demand for environment-related products, health- and medical-care equipment, and other products continued. As a result, net sales in Greater China region rose 5.2% year on year, to ¥106.3 billion, and operating income increased 34.4%, to ¥11.3 billion, with the Greater China region once again accounting for the largest portion of sales and income compared with other overseas segments.

Asia Pacific

In the Asia Pacific region, the impacts of limited semiconductor-related capital investment in South Korea weighed heavy, but demand related to reconstruction from the Thailand floods was generally strong, as was demand in other areas. There has also been a recent rise in demand for healthcare devices in conjunction with the establishment of a middle-income group. As a result, net sales in the Asia Pacific region increased 4.7% year on year, to ¥64.8 billion. Operating income, however, contracted 15.5%, to ¥4.0 billion, due to the worsening of product mix.
Business and Other Risks

Regarding a number of items described in the status of business and the status of accounting of this report, some items may pose risks and influence the Omron Group’s operating results and financial condition. Furthermore, we assume that the ratio of overseas business will continue to increase as the Group actively expands globally. The Group maintains a solid structure resistant to changes in the external environment by, for example, coping with foreign exchange risk by expanding overseas production and increasing local procurement to improve the balance of foreign currency denominated income and expenditures. We also take foreign exchange risk through short-term forward contracts executed with financial institutions. Nonetheless, rapid fluctuations in the exchange rates of currencies, such as the U.S. dollar and the euro, as well as a protracted period of yen strength, could have an adverse impact on the Group’s operating results and financial condition.

(2) Legal and Regulatory Risks

The Omron Group operates worldwide and is therefore subject to a wide variety of laws and regulations, including investment rules, labor laws, personal data protection laws, laws against bribery of public officials, and anti-monopoly laws. Our compliance efforts include training and education programs for our employees and others. Nonetheless, instances in which additional expenses are incurred to ensure compliance with the requirements of new laws and changes to existing laws, or the adoption of stricter interpretations of laws and ordinances by regulators could have an adverse impact on the Group’s operating results and financial condition.

(3) Natural Disasters

The Omron Group has established a business continuity plan (BCP) that formulates necessary safety measures and steps to facilitate business continuity and early restoration of operations in the event of fire or natural disaster, including large-scale earthquakes in the Nankai Trough or directly under the Tokyo metropolitan area, as well as hypothetical events, such as typhoons, floods, and other events that raise concerns about a global pandemic. The Group and its business partners maintain operating bases in Japan and around the world, making it virtually impossible to completely avoid the risks that would arise from an unforeseen natural disaster, fire, or other calamity. A major event of an unforeseen scale could impact Group operations, although major or minor disasters could result in a reduction of business, which could have an impact on the Group’s operating results and financial condition.

(4) International Relations

The Omron Group actively conducts such business activities as production and sales in overseas markets. The Group may be subject to operating difficulties in countries outside Japan related to possible social unrest due to factors including differences in culture or religion; political turmoil and uncertainty in economic trends; differences in business customs in areas such as the structure of relationship between business and the government; and the collection of receivables, regulations governing conflict minerals, specific legal systems, and investment regulations; changes in tax codes; and, in some cases, shortages, and problems in the labor management relationship; and terrorism, wars, and other political circumstances. These and other overseas operations may have a negative impact on the Group’s operating results and financial condition.

(5) Human Resources

Cross-corporation personnel exchanges and opportunities for employees of a variety of nationalities to work together are expanding in line with increasing globalization. Therefore, labor troubles may arise due to differences in culture, customs, and treatment. Also, while the localization of management must proceed amid accelerating business globalization, it may not be possible to secure a sufficient number of superior candidates for management-level positions. Furthermore, the Group employs a large number of personnel in Asia, where a rise in employee wages could have an impact on the Group’s operating results and financial condition.

(6) Management of Funds

The Omron Group raises funds by issuing commercial paper and other instruments and sales of its own way. However, the Group may be subject to operating difficulties in countries outside Japan related to possible social unrest due to factors including differences in culture or religion; political turmoil and uncertainty in economic trends; differences in business customs in areas such as the structure of relationship between business and the government; and the collection of receivables, regulations governing conflict minerals, specific legal systems, and investment regulations; changes in tax codes; and, in some cases, shortages, and problems in the labor management relationship; and terrorism, wars, and other political circumstances. These and other overseas operations may have a negative impact on the Group’s operating results and financial condition.

(7) Information Security

The Omron Group possesses operationally important information and obtains confidential personal information and information on its business partners in the course of business. The Group is taking steps to reinforce information security in order to protect such information from unauthorized access and disclosure. Nonetheless, a failure in maintaining the security of the information handled by the Group could result in a loss of business opportunities or data loss. In addition, a failure in maintaining the security of customer information could lead to a reduction in business, which could have an impact on the Group’s operating results and financial condition.

(8) System Security

The Group is strengthening technological measures in preparation for cyberattacks against its information systems and servers as a result of a rise in cyberattacks. As cyberattacks are expected to increase in the future, the Group is strengthening its response capabilities. Furthermore, the Group is continuously improving its risk management systems to ensure a reduction in the impact of cyberattacks.

(9) Production

The Omron Group has manufacturing bases outside Japan, including in China as well as in other Asian countries, and supplies products to customers worldwide through its international sales offices. To ensure continued manufacturing stability, the Group has established and is implementing substitute measures called for under its BCP, which covers the entire supply chain from production to logistics, including IT. Nonetheless, in the event of a disaster due to natural factors, disease, or accidents, the Group faces the risk of supply limits or cessation due to management issues at the supplier, or a broad increase in market demand. In such cases, difficulties in changing sourcing and supply channels and obtaining additional suppliers, or unforeseen factors could result in a reduction in business, which could have an impact on the Group’s operating results and financial condition.

(10) Purchasing and Procurement

Obtaining raw materials and parts of sufficient quality in a timely manner and in necessary quantities is absolutely essential to the Group’s manufacturing. Therefore, we strictly select suppliers for reliability. Nonetheless, limits on supply or other supply issues could arise in cases such as significant supply chain disruption due to an accident or a natural disaster, a rise in supply limits or due to management issues at the supplier, or a broad increase in market demand. In such cases, difficulties in changing sourcing and supply channels and obtaining additional suppliers, or unforeseen factors could result in a reduction in business, which could have an impact on the Group’s operating results and financial condition.

(11) Quality Assurance

The Omron Group has quality assurance systems that ensure high quality in the development, manufacturing, and sales of products to meet customer expectations. The Group develops and manufactures products in accordance with its ISO-certified quality control system. A Groupwide quality system check is in place for the ongoing improvement of the quality of the Group’s entire line of products and services. While Omron takes every precaution against the occurrence of defects, it has become difficult to guarantee that defects will not occur (including defects that arise due to the changing environments in which the products are used) or that recalls will not occur. Changing conditions in Japan have necessitated greater attention to consumer protection. Product quality is also increasingly a major issue overseas. For these reasons, product defects that require large-scale product recalls or that cause damage beyond the scope of the Group’s liability insurance could seriously damage trust in the Company and the Omron brand, possibly leading to declining sales that could have a negative impact on the Group’s financial condition. The Group also strives to provide Environmental Assurance Products that do not include banned substances designated in the Restriction of Hazardous Substances (RoHS) Directive adopted by the European Union in July 2006. The Group is investigating the status of regulated chemical substances in components and materials to use components and materials that do not contain banned substances. Since 2009, the Group has adhered to the European Union’s Registration, Evaluation and Authorisation Chemicals (REACH) Regulation concerning the identification of contained substances. Despite the Group’s efforts, frequent modifications of the regulations governing chemical substances that complicate supervisory efforts could result in infractions, which are to fail to comply with modified regulations.

(12) Environmental Conservation

The Group must comply with a wide variety of environmental funds for regulating acid rain, greenhouse gas emissions, change, air and water pollution, hazardous substances, waste, product recycling, and the contamination of soil and groundwater. These laws and regulations apply not only to the Omron Group’s current business, but may also be retroactively applied to past business activities or the past activities of businesses transferred from other companies through the Omron Group’s current business. Nonetheless, limits on supply or other supply issues could arise in cases such as significant supply chain disruption due to an accident or a natural disaster, a rise in supply limits or due to management issues at the supplier, or a broad increase in market demand. In such cases, difficulties in changing sourcing and supply channels and obtaining additional suppliers, or unforeseen factors could result in a reduction in business, which could have an impact on the Group’s operating results and financial condition.
# Consolidated Balance Sheets

**OMRON Corporation and Subsidiaries**  
March 31, 2012 and 2013

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>¥ 45,257</td>
<td>¥ 55,708</td>
<td>$ 592,638</td>
</tr>
<tr>
<td>Notes and accounts receivable-trade</td>
<td>143,304</td>
<td>158,911</td>
<td>1,690,543</td>
</tr>
<tr>
<td>Allowance for doubtful receivables</td>
<td>(2,205)</td>
<td>(1,988)</td>
<td>(21,149)</td>
</tr>
<tr>
<td>Inventories</td>
<td>92,253</td>
<td>91,013</td>
<td>968,223</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>17,975</td>
<td>17,611</td>
<td>187,351</td>
</tr>
<tr>
<td>Other current assets</td>
<td>11,513</td>
<td>12,439</td>
<td>132,330</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>¥ 308,097</td>
<td>¥ 333,694</td>
<td>¥ 3,549,936</td>
</tr>
<tr>
<td><strong>Property, Plant and Equipment:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>26,950</td>
<td>26,591</td>
<td>282,883</td>
</tr>
<tr>
<td>Buildings</td>
<td>128,870</td>
<td>137,821</td>
<td>1,466,181</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>142,148</td>
<td>156,186</td>
<td>1,661,553</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>7,417</td>
<td>6,729</td>
<td>71,585</td>
</tr>
<tr>
<td><strong>Total Property, Plant and Equipment:</strong></td>
<td>¥ 305,385</td>
<td>¥ 327,327</td>
<td>¥ 3,482,202</td>
</tr>
<tr>
<td><strong>Accumulated depreciation:</strong></td>
<td>(184,679)</td>
<td>(200,492)</td>
<td>(2,132,894)</td>
</tr>
<tr>
<td><strong>Net Property, Plant and Equipment:</strong></td>
<td>¥ 120,706</td>
<td>¥ 126,835</td>
<td>¥ 1,349,308</td>
</tr>
<tr>
<td><strong>Investments and Other Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in and advances to affiliates</td>
<td>14,443</td>
<td>17,939</td>
<td>190,840</td>
</tr>
<tr>
<td>Investment securities</td>
<td>36,161</td>
<td>38,193</td>
<td>406,309</td>
</tr>
<tr>
<td>Leasehold deposits</td>
<td>7,219</td>
<td>6,914</td>
<td>73,553</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>34,516</td>
<td>30,612</td>
<td>325,660</td>
</tr>
<tr>
<td>Other assets</td>
<td>16,181</td>
<td>19,450</td>
<td>206,915</td>
</tr>
<tr>
<td><strong>Total Investments and Other Assets:</strong></td>
<td>¥ 108,520</td>
<td>¥ 113,108</td>
<td>¥ 1,203,277</td>
</tr>
<tr>
<td><strong>Total Assets:</strong></td>
<td>¥ 537,323</td>
<td>¥ 573,637</td>
<td>¥ 6,102,521</td>
</tr>
</tbody>
</table>

### LIABILITIES AND SHAREHOLDERS' EQUITY

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term debt</td>
<td>¥ 18,774</td>
<td>¥ 5,570</td>
<td>¥ 59,255</td>
</tr>
<tr>
<td>Notes and accounts payable-trade</td>
<td>78,331</td>
<td>75,992</td>
<td>804,170</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>29,179</td>
<td>32,818</td>
<td>349,128</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>623</td>
<td>3,907</td>
<td>41,564</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>24,989</td>
<td>27,814</td>
<td>295,894</td>
</tr>
<tr>
<td><strong>Total Current Liabilities:</strong></td>
<td>¥ 152,896</td>
<td>¥ 145,701</td>
<td>¥ 1,550,011</td>
</tr>
<tr>
<td><strong>Deferred Income Taxes:</strong></td>
<td>¥ 738</td>
<td>¥ 595</td>
<td>¥ 6,330</td>
</tr>
<tr>
<td><strong>Termination and Retirement Benefits:</strong></td>
<td>¥ 60,432</td>
<td>¥ 56,944</td>
<td>¥ 605,767</td>
</tr>
<tr>
<td><strong>Other Long-Term Liabilities:</strong></td>
<td>¥ 1,577</td>
<td>¥ 1,634</td>
<td>¥ 17,382</td>
</tr>
<tr>
<td><strong>Shareholders' Equity:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock, no par value:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorized: 487,000,000 shares in FY2012 and FY2011</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued: 227,121,372 shares and 239,121,372 shares in FY2012 and FY2011, respectively</td>
<td>64,100</td>
<td>64,100</td>
<td>681,915</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>99,078</td>
<td>99,066</td>
<td>1,053,894</td>
</tr>
<tr>
<td>Legal reserve</td>
<td>10,034</td>
<td>10,876</td>
<td>115,702</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>260,557</td>
<td>253,654</td>
<td>2,698,447</td>
</tr>
<tr>
<td>Accumulated other comprehensive income (loss)</td>
<td>(68,433)</td>
<td>(44,348)</td>
<td>(471,798)</td>
</tr>
<tr>
<td>Treasury stock, at cost: 6,992,907 shares and 18,991,739 shares in FY2012 and FY2011, respectively</td>
<td>(44,496)</td>
<td>(16,385)</td>
<td>(174,309)</td>
</tr>
<tr>
<td><strong>Total Shareholders' Equity:</strong></td>
<td>¥ 320,840</td>
<td>¥ 366,962</td>
<td>¥ 3,903,851</td>
</tr>
<tr>
<td><strong>Noncontrolling Interests:</strong></td>
<td>¥ 840</td>
<td>¥ 1,801</td>
<td>¥ 19,180</td>
</tr>
<tr>
<td><strong>Total Net Assets:</strong></td>
<td>¥ 321,680</td>
<td>¥ 368,763</td>
<td>¥ 3,923,011</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>¥ 537,323</td>
<td>¥ 575,637</td>
<td>¥ 6,102,521</td>
</tr>
</tbody>
</table>

U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate on March 31, 2013, of ¥94 = $1.
## Consolidated Statements of Income

**OMRON Corporation and Subsidiaries**

Years ended March 31, 2011, 2012 and 2013

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>¥617,825</td>
<td>¥619,461</td>
<td>¥650,461</td>
<td>¥6,919,798</td>
</tr>
<tr>
<td><strong>Costs and Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>386,123</td>
<td>391,574</td>
<td>408,954</td>
<td>4,350,575</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>142,365</td>
<td>146,662</td>
<td>152,767</td>
<td>1,624,213</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>41,300</td>
<td>42,089</td>
<td>43,488</td>
<td>462,638</td>
</tr>
<tr>
<td>Other expenses, net</td>
<td>6,344</td>
<td>6,589</td>
<td>4,106</td>
<td>46,681</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>576,132</td>
<td>585,914</td>
<td>609,224</td>
<td>6,481,107</td>
</tr>
<tr>
<td><strong>Income before Income Taxes and Equity in Loss (Earnings) of Affiliates</strong></td>
<td>41,693</td>
<td>33,547</td>
<td>41,237</td>
<td>438,691</td>
</tr>
<tr>
<td><strong>Income Taxes</strong></td>
<td>14,487</td>
<td>17,826</td>
<td>14,096</td>
<td>149,957</td>
</tr>
<tr>
<td><strong>Equity in Loss (Earnings) of Affiliates</strong></td>
<td>190</td>
<td>(931)</td>
<td>(2,976)</td>
<td>(31,660)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>27,016</td>
<td>16,352</td>
<td>30,117</td>
<td>320,394</td>
</tr>
<tr>
<td><strong>Net Income attributable to noncontrolling interests</strong></td>
<td>234</td>
<td>(37)</td>
<td>(86)</td>
<td>(915)</td>
</tr>
<tr>
<td><strong>Net Income attributable to shareholders</strong></td>
<td>¥ 26,782</td>
<td>¥ 16,389</td>
<td>¥ 30,203</td>
<td>$ 321,309</td>
</tr>
</tbody>
</table>

**Per Share Data:**

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>¥121.66</td>
<td>¥74.46</td>
<td>¥137.20</td>
<td>$1.46</td>
</tr>
<tr>
<td>Diluted</td>
<td>121.66</td>
<td>74.46</td>
<td>137.20</td>
<td>1.46</td>
</tr>
</tbody>
</table>

U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate on March 31, 2013, of ¥94 = $1.

## Consolidated Statements of Comprehensive Income (Loss)

**OMRON Corporation and Subsidiaries**

Years ended March 31, 2011, 2012 and 2013

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>¥ 27,016</td>
<td>¥ 16,352</td>
<td>¥30,117</td>
<td>¥320,394</td>
</tr>
<tr>
<td><strong>Other Comprehensive Income (Loss), net of tax:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustments during the year</td>
<td>(10,376)</td>
<td>(1,613)</td>
<td>22,523</td>
<td>239,606</td>
</tr>
<tr>
<td>Reclassification adjustment for the portion realized in net income</td>
<td>(14)</td>
<td>(892)</td>
<td>(43)</td>
<td>(457)</td>
</tr>
<tr>
<td><strong>Net unrealized gain and loss</strong></td>
<td>(10,390)</td>
<td>(2,505)</td>
<td>22,480</td>
<td>239,149</td>
</tr>
<tr>
<td>Pension liability adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension liability adjustments arising during the year</td>
<td>(1,534)</td>
<td>625</td>
<td>(21)</td>
<td>(223)</td>
</tr>
<tr>
<td>Reclassification adjustment for the portion realized in net income</td>
<td>(649)</td>
<td>(704)</td>
<td>(894)</td>
<td>(9,511)</td>
</tr>
<tr>
<td><strong>Net unrealized gain and loss</strong></td>
<td>(2,183)</td>
<td>(79)</td>
<td>(915)</td>
<td>(9,734)</td>
</tr>
<tr>
<td>Unrealized gains (losses) on available-for-sale securities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized holding gains (losses) arising during the year</td>
<td>(1,566)</td>
<td>460</td>
<td>2,317</td>
<td>24,649</td>
</tr>
<tr>
<td>Reclassification adjustment for losses on impairment realized in net income</td>
<td>466</td>
<td>227</td>
<td>693</td>
<td>7,372</td>
</tr>
<tr>
<td>Reclassification adjustment for net gains on sale realized in net income</td>
<td>(10)</td>
<td>(188)</td>
<td>(425)</td>
<td>(4,521)</td>
</tr>
<tr>
<td>Reclassification adjustment for net gains on share exchange in net income</td>
<td>(4)</td>
<td>(74)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net unrealized gain and loss</strong></td>
<td>(1,114)</td>
<td>425</td>
<td>2,585</td>
<td>27,500</td>
</tr>
<tr>
<td>Net gains (losses) on derivative instruments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized holding gains (losses) arising during the year</td>
<td>893</td>
<td>3</td>
<td>(465)</td>
<td>(4,840)</td>
</tr>
<tr>
<td>Reclassification adjustment for net gains (losses) realized in net income</td>
<td>(841)</td>
<td>(57)</td>
<td>549</td>
<td>5,840</td>
</tr>
<tr>
<td><strong>Net unrealized gain and loss</strong></td>
<td>52</td>
<td>(54)</td>
<td>94</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Other Comprehensive Income (Loss)</strong></td>
<td>(13,635)</td>
<td>(2,213)</td>
<td>24,244</td>
<td>257,915</td>
</tr>
<tr>
<td><strong>Comprehensive Income</strong></td>
<td>13,818</td>
<td>14,139</td>
<td>54,361</td>
<td>578,309</td>
</tr>
<tr>
<td><strong>Comprehensive Income (Loss) attributable to noncontrolling interests</strong></td>
<td>212</td>
<td>(44)</td>
<td>74</td>
<td>787</td>
</tr>
<tr>
<td><strong>Comprehensive Income attributable to shareholders</strong></td>
<td>¥ 13,169</td>
<td>¥ 14,183</td>
<td>¥54,287</td>
<td>¥577,522</td>
</tr>
</tbody>
</table>

U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate on March 31, 2013, of ¥94 = $1.
### Consolidated Statements of Cash Flows

**OMRON Corporation and Subsidiaries**

**Years ended March 31, 2011, 2012 and 2013**

#### Operating Activities:

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>¥27,016</td>
<td>¥16,352</td>
<td>¥30,117</td>
<td>¥320,394</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>22,984</td>
<td>22,617</td>
<td>22,452</td>
<td>238,851</td>
</tr>
<tr>
<td>Net loss on sale and disposal of property, plant and equipment</td>
<td>606</td>
<td>481</td>
<td>578</td>
<td>6,149</td>
</tr>
<tr>
<td>Loss on impairment of long-lived assets</td>
<td>413</td>
<td>671</td>
<td>522</td>
<td>34,734</td>
</tr>
<tr>
<td>Net gain on sale of investment securities</td>
<td>(7)</td>
<td>(307)</td>
<td>(677)</td>
<td>(7,202)</td>
</tr>
<tr>
<td>Loss on impairment of investment securities</td>
<td>805</td>
<td>391</td>
<td>1,086</td>
<td>11,553</td>
</tr>
<tr>
<td>Loss on impairment of goodwill</td>
<td>—</td>
<td>2,009</td>
<td>153</td>
<td>1,628</td>
</tr>
<tr>
<td>Termination and retirement benefits</td>
<td>(4,785)</td>
<td>(5,669)</td>
<td>(4,433)</td>
<td>(47,160)</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>5,374</td>
<td>9,981</td>
<td>3,762</td>
<td>40,021</td>
</tr>
<tr>
<td>Equity in losses (earnings) of affiliates</td>
<td>190</td>
<td>(631)</td>
<td>(2,576)</td>
<td>(31,660)</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in notes and accounts receivable-trade</td>
<td>(16,227)</td>
<td>(6,388)</td>
<td>(5,827)</td>
<td>(61,989)</td>
</tr>
<tr>
<td>Decrease (increase) in inventories</td>
<td>(12,174)</td>
<td>(6,538)</td>
<td>8,641</td>
<td>91,926</td>
</tr>
<tr>
<td>Decrease (increase) in other assets</td>
<td>1,048</td>
<td>(483)</td>
<td>21</td>
<td>223</td>
</tr>
<tr>
<td>Increase (decrease) in notes and accounts payable-trade</td>
<td>9,321</td>
<td>682</td>
<td>(5,927)</td>
<td>(63,053)</td>
</tr>
<tr>
<td>Increase (decrease) in income taxes payable</td>
<td>(483)</td>
<td>(1,563)</td>
<td>3,121</td>
<td>33,202</td>
</tr>
<tr>
<td>Increase in accrued expenses and other current liabilities</td>
<td>3,838</td>
<td>388</td>
<td>1,519</td>
<td>16,160</td>
</tr>
<tr>
<td>Other, net</td>
<td>(518)</td>
<td>22</td>
<td>(1,817)</td>
<td>(19,330)</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>14,940</td>
<td>15,594</td>
<td>22,941</td>
<td>244,053</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>41,956</td>
<td>31,946</td>
<td>35,058</td>
<td>564,447</td>
</tr>
</tbody>
</table>

#### Investing Activities:

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale or maturities of investment securities</td>
<td>109</td>
<td>693</td>
<td>1,658</td>
<td>17,638</td>
</tr>
<tr>
<td>Purchase of investment securities</td>
<td>—</td>
<td>(911)</td>
<td>(86,649)</td>
<td>(86,649)</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(2,147)</td>
<td>(27,502)</td>
<td>(30,383)</td>
<td>(323,223)</td>
</tr>
<tr>
<td>Decrease (increase) in leasehold deposits, net</td>
<td>276</td>
<td>(101)</td>
<td>457</td>
<td>4,862</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>1,066</td>
<td>2,307</td>
<td>836</td>
<td>8,894</td>
</tr>
<tr>
<td>Decrease (increase) in investment in and loans to affiliates</td>
<td>20</td>
<td>(480)</td>
<td>(1,884)</td>
<td>(20,043)</td>
</tr>
<tr>
<td>Sale of business, net of cash acquired</td>
<td>34</td>
<td>90</td>
<td>957</td>
<td></td>
</tr>
<tr>
<td>Acquisition of business, net of cash acquired</td>
<td></td>
<td>(1,012)</td>
<td>141</td>
<td>1,500</td>
</tr>
<tr>
<td>Purchase of noncontrolling interests</td>
<td>—</td>
<td>(10)</td>
<td>(106)</td>
<td></td>
</tr>
<tr>
<td>Other, net</td>
<td>—</td>
<td>520</td>
<td>624</td>
<td>6,638</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(20,210)</td>
<td>(26,466)</td>
<td>(28,471)</td>
<td>(302,883)</td>
</tr>
</tbody>
</table>

#### Financing Activities:

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net borrowings (repayments) of short-term debt</td>
<td>29,052</td>
<td>(26,744)</td>
<td>(13,237)</td>
<td>(141,202)</td>
</tr>
<tr>
<td>Repayments of long-term debt</td>
<td>(20,000)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Dividends paid by the Company</td>
<td>(5,285)</td>
<td>(6,604)</td>
<td>(6,164)</td>
<td>(65,574)</td>
</tr>
<tr>
<td>Dividends paid to noncontrolling interests</td>
<td>(0)</td>
<td>(15)</td>
<td>(2)</td>
<td>(21)</td>
</tr>
<tr>
<td>Proceeds from equity transactions with noncontrolling interests</td>
<td>—</td>
<td>—</td>
<td>819</td>
<td>8,713</td>
</tr>
<tr>
<td>Acquisition of treasury stock</td>
<td>—</td>
<td>—</td>
<td>70</td>
<td>74</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>3,333</td>
<td>(33,492)</td>
<td>(18,550)</td>
<td>(197,339)</td>
</tr>
</tbody>
</table>

#### Effect of Exchange Rate Changes on Cash and Cash Equivalents

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Increase (Decrease) in Cash and Cash Equivalents</td>
<td>23,059</td>
<td>(29,478)</td>
<td>(10,461)</td>
<td>(111,181)</td>
</tr>
<tr>
<td>Cash and Cash Equivalents at Beginning of the Year</td>
<td>51,726</td>
<td>74,735</td>
<td>45,257</td>
<td>481,457</td>
</tr>
<tr>
<td>Cash and Cash Equivalents at End of the Year</td>
<td>¥74,735</td>
<td>¥45,257</td>
<td>¥55,708</td>
<td>¥592,638</td>
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</table>

*U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate on March 31, 2013, of ¥94 = $1.*
Internal Control Section

Management’s Report on Internal Control

NOTE TO READERS
The following is an English translation of the management’s report on internal control over financial reporting (“ICFR”) filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information. There are differences between an assessment of ICFR under the Financial Instruments and Exchange Act (“ICFR under FIEA”) and one conducted under the standards of the Public Company Accounting Oversight Board (United States) (“ICFR under PCAOB”).

In an assessment of ICFR under FIEA, there is detailed guidance on the scope of an assessment of ICFR, such as quantitative guidance on business location selection and/or account selection. In an assessment of ICFR under PCAOB, there is no such detailed guidance. Accordingly, regarding the scope of selected internal control over business processes, we selected locations and business units to be tested based on annual consolidated net sales (after the elimination of transactions between consolidated companies), and companies with net sales of approximately two-thirds of the total amount on a consolidation basis were selected as “significant locations and/or business units.” At selected “significant locations and/or business units,” we included in the scope of assessment, business processes relating to sales, accounts receivable and inventories as significant accounts that may have a material impact on our business objectives. Further, in addition to selected significant locations and/or business units, we also included in the scope of assessment, business processes relating to (i) greater likelihood of material misstatements and/or (ii) significant accounts involving estimates and the management’s judgment and/or (iii) a business or operation dealing with high-risk transactions, taking into account their impact on the financial reporting.

Management’s Report on Internal Control

1. Matters relating to the basic framework for internal control over financial reporting

Yoshishige Yamada, President and Chief Executive Officer, and Yoshinori Suzuki, Senior Managing Director and Chief Financial Officer are responsible for designing and operating effective internal control over financial reporting of Omron Corporation (the “Company”) and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in “The Standards and Practice Standards for Management Assessment and Audit Concerning Internal Control Over Financial Reporting (Council Opinion)” released by the Business Accounting Council.

The Company was designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters relating to the scope of assessment, the basic date of assessment, and the assessment procedures

The assessment of internal control over financial reporting was performed as of March 31, 2013 which is the end of this fiscal year.

The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on our entire financial reporting on a consolidation basis (“entity-level controls”) and based on the results of this assessment, we selected business processes to be tested. We analyzed these selected business processes, identified key controls that may have a material impact on the reliability of the Company’s financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of the internal controls of the Company.

After determining the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of their financial reporting, we determined that misstatements may not be completely prevented or detected by internal control over financial reporting on a consolidation basis.

Consolidated subsidiaries and equity-method affiliated companies designed and operated internal control over financial reporting in accordance with “The Standards and Practice Standards for Management Assessment and Audit Concerning Internal Control Over Financial Reporting (Council Opinion)”.

We reasonably determined the scope of assessment of internal control over business processes, we selected locations and business units to be tested based on annual consolidated net sales (after the elimination of transactions between consolidated companies), and companies with net sales of approximately two-thirds of the total amount on a consolidation basis were selected as “significant locations and/or business units.” At selected “significant locations and/or business units,” we included in the scope of assessment, business processes relating to sales, accounts receivable and inventories as significant accounts that may have a material impact on our business objectives. Further, in addition to selected significant locations and/or business units, we also included in the scope of assessment, business processes relating to (i) greater likelihood of material misstatements and/or (ii) significant accounts involving estimates and the management’s judgment and/or (iii) a business or operation dealing with high-risk transactions, taking into account their impact on the financial reporting.

3. Matters relating to the results of the assessment

The above assessments determined that the Company’s internal control over financial reporting was effective as of the last day of the fiscal year under review.

4. Additional notes

No material items to report.

5. Special notes

No material items to report.

June 21, 2013

Yoshishige Yamada
President and CEO

Omron Corporation

Yoshinori Suzuki
Senior Managing Director and CFO

Omron Corporation

Corporate Information

As of March 31, 2013

Date of Establishment
May 10, 1933

Number of Employees
35,411

Paid in Capital
¥4,100 million

Common Stock Authorized
4,000,000,000 shares issued
22,121,372 shares

Number of shareholders
30,794

Stock Listings
Tokyo Stock Exchange

Ticker Symbol Number
6645

 Custodian of Register of Shareholders
Mitsubishi UFJ Trust and Banking Corporation

Head Office
Shioda-Hirakawa, Shinagawa-ku,
Kyo-o 650-6530, Japan
Tel: 81-75-344-7000
Fax: 81-75-344-7001

Overseas Headquarters
Europe
Omron Europe B.V.
The Netherlands
Tel: 31-23-568-1300
Fax: 31-23-568-1391

North America
Omron Management Center of America, Inc. (Illinois)
Tel: 1-224-520-3500
Fax: 1-224-520-3880

Asia Pacific
Omron Asia Pacific Pte. Ltd. (Singapore)
Tel: 65-6835-2644
Fax: 65-6835-2711

Greater China
Omron (China) Co., Ltd.
(Shanghai)
Tel: 86-21-5888-1866
Fax: 86-21-5888-7933

Major Japanese Manufacturing, Sales & Marketing, and Research & Development Locations

Tokyo Management Center of America, Inc.
Tel: 1-224-520-3500
Fax: 1-224-520-3880

Website
For more detailed information, please refer to our website.

About Omron

http://www.omron.co.jp/ (Japanese)
http://www.omron.com/ (English)

Investor Relations

http://www.omron.co.jp/ir/ (Japanese)
http://www.omron.com/ir/ (English)

CSR

http://www.omron.co.jp/ir/ir/japan/CSR (Japanese)
http://www.omron.com/ir/csr (English)
Stock Information
As of March 31, 2013

Publication of Integrated Report 2013

Omron conducts management from a long-term perspective in its quest to work for the benefit of the global society through its business. Integrated thinking has always been a core element of this perspective. As one aspect of this, we are actively disclosing information and conducting investor relations activities to practice “relationship-building with shareholders,” which is one of Omron’s management commitments. For this reason, we made the switch to integrated reporting in 2012, and this report is thus our second integrated report. Integrated Report 2013 has been constructed to provide the Company’s stakeholders with concrete and easy-to-understand information regarding Omron’s management. I feel confident that this report will prove to be a viable tool for the shareholders and other investors that provide the Company with stable funding over the long term.

Several organizations, including the International Integrated Reporting Council (IIRC), are providing frameworks and other guidelines for integrated reporting. While following such guidelines, we went creative and sought our way of helping readers better understand Omron’s management.

Further, in July 2012, the Corporate Reporting Lab was established by a corporate accounting office of the Ministry of Economy, Trade and Industry of Japan. This lab conducts studies on corporate governance and communication between companies and investors from a variety of perspectives, and results of these studies are released in both Japanese and English. As a member of the lab’s Planning Committee, I took this lab’s findings into mind when constructing this integrated report.

Omron has just begun undertaking the new challenge of publishing integrated reports. I would like to ask for your continued support and understanding as we continue to evolve our integrated reporting efforts going forward.

Satoshi Ando
Executive Officer
Senior General Manager, Investor Relations Headquarters

INQUIRIES

OMRON Corporation
Shinagawa Front Building 7F
2-3-13, Konan, Minato-ku, Tokyo 108-0078, Japan

Investor Relations Headquarters
Investor Relations Department
Phone: +81-3-6718-3421 Fax: +81-3-6718-3411
URL: http://www.omron.com/ir/

Board of Directors Office
Corporate Social Responsibility Department
Phone: +81-3-6718-3410 Fax: +81-3-6718-3411
URL: http://www.omron.com/about/csr/

Stock Information
As of March 31, 2013

Stock Price: Osaka Securities Exchange

Ownership and Distribution of Shares

Yearly High and Low Prices*

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<tbody>
<tr>
<td>High</td>
<td>¥2,740</td>
<td>¥2,885</td>
<td>¥3,620</td>
<td>¥3,590</td>
<td>¥3,510</td>
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<td>¥2,215</td>
<td>¥2,418</td>
<td>¥2,357</td>
<td>¥2,478</td>
</tr>
<tr>
<td>Low</td>
<td>¥1,648</td>
<td>¥2,150</td>
<td>¥2,210</td>
<td>¥2,615</td>
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<td>¥940</td>
<td>¥1,132</td>
<td>¥1,749</td>
<td>¥1,381</td>
<td>¥1,436</td>
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