

**CONVOCAATION NOTICE FOR THE 73RD ORDINARY GENERAL MEETING OF
SHAREHOLDERS (SUMMARY)**

Stock ticker number: 6645

June 1, 2010

Hisao Sakuta

President and Chief Executive Officer

OMRON CORPORATION

Shiokoji Horikawa, Shimogyo-ku,

Kyoto, Japan

Dear Shareholders:

Notice is hereby given that the 73rd Ordinary General Meeting of Shareholders will be held as detailed below, and your attendance is cordially requested.

In the event that you are unable to attend the meeting, you can exercise your right to vote in writing or by electronic methods such as the Internet. Therefore, you are kindly requested to examine the attached reference materials for the General Meeting of Shareholders and to indicate your preferences on the enclosed ballot and send it to us by return mail, or to vote by accessing our Internet website. Whichever method you use, we ask that you please exercise your voting rights no later than 5:30 p.m. on Monday, June 21, 2010.

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

1. Date: Tuesday, June 22, 2010, 10:00 a.m.

2. Place: Banquet room "Genji," 3rd floor of Hotel Granvia Kyoto (In Kyoto Station)
Karasuma-dori, Shiokoji-sagaru, Shimogyo-ku, Kyoto

3. Agenda:

A. Reports

1. Contents of the business report, contents of the consolidated financial documents and reports of the independent auditors and corporate auditors on the results of audits of consolidated financial documents for the 73rd fiscal year (April 1, 2009 to March 31, 2010)
2. Contents of the financial documents for the 73rd fiscal year (April 1, 2009 to March 31, 2010)

B. Proposals

- No. 1 Dividends from retained earnings
- No. 2 Election of seven (7) directors
- No. 3 Payment of bonuses to directors

Attendees are kindly requested to submit the enclosed ballot, completed, at the reception desk at the entrance to the meeting hall.

Business Report (Consolidated)

(April 1, 2009 to March 31, 2010)

1. Current State of the Omron Group

(1) Consolidated Results

General Overview

Reviewing economic conditions during fiscal 2009, ended March 31, 2010, the impact of the global economic downturn that began in the second half of fiscal 2008, said to be a once-in-a-century event, continued in the first half of the period. However, the effects of economic stimulus measures in various countries gradually began to materialize around the start of autumn, and a moderate recovery took shape, led by China and other newly industrialized countries.

In the Japanese economy, bright spots finally began to appear in the second half of the period, supported by exports due to the recovery of overseas economies. Overseas, the United States and Europe at last began to show a trend toward recovery in the second half as the effects of economic stimulus measures in various countries emerged. China continued to perform strongly, due in part to the government measures to stimulate consumption, and other economies in Asia were also solid.

In markets related to the Omron Group, demand for Omron's factory automation equipment, a core product line, was weak through the first quarter due to sluggish capital investment stemming from excess production capacity in the manufacturing sector. From the second quarter onward, demand centered on commercial and environment-related products increased, supported by government measures in various countries aimed at encouraging consumption and preserving the environment. Following on from this growth, investment demand among manufacturers, Omron's core customer group, also continued to recover gradually, primarily in the automotive and electronic components industries.

The Omron Group's net sales for the year ended March 31, 2010 were JPY 524,694 million, a decrease of 16.3 percent compared with the previous fiscal year, reflecting the significant global economic slowdown and flat capital investment among manufacturers through the second quarter. In addition, operating income was JPY 13,074 million, an increase of 144.9 percent compared with the previous fiscal year, as a result of implementing profitability initiatives under the fiscal 2009 policies of "Working Together as One" and "Sweeping Profit Structure Reform Guided by 'Selection and Focus.'" Income before income taxes was JPY 10,195 million, and net income attributable to shareholders was JPY 3,518 million.

The average exchange rates for the year ended March 31, 2010 were USD 1 = JPY 92.9 and EUR 1 = JPY 130.3 (7.8 yen and 14.2 yen less than the previous fiscal year, respectively).

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

Results by Business Segment

In the third quarter, the Omron Group reorganized the former Electronic Components Business into the Electronic and Mechanical Components Business to strengthen mechanical components. At the same time, the micro device and backlight businesses of the Electronic and Mechanical Components Business were transferred to a new organization under the direct supervision of Omron's president and CEO.

In addition, on May 6, 2010, the automotive electrical equipment business of the Automotive Electronic Components Business was split off and taken over by newly established Omron Automotive Electronics, Inc.

• Industrial Automation Business

In Japan, sales of Omron's products continued to decline through the first quarter due to the substantial impact from reduced production and investment among manufacturers from autumn 2008. Demand for Omron's products, particularly sensors, finally began to turn upward at the start of the second quarter, reflecting a rebound in production centered on customers in the automotive and electronic component industries. The recovery trend in demand for Omron's products continued in the second half, with a rise in production among customers in the semiconductor industry and improved sales of energy-related products. However, sales for the fiscal year declined substantially.

Overseas, demand for Omron's products continued to recover in China and in the fourth quarter returned to the pre-downturn level, as production capacity utilization and capital investment increased due to measures to expand internal demand from the fourth quarter of fiscal 2008. In Europe, meanwhile, demand recovered in Eastern and Central Europe, but the recovery of results in the key market of Southern Europe was weak, and improvement has been gradual. In North America, sales were sluggish due to the impact of a slump in petroleum-related industries and the automotive industry, but there has been gradual improvement since the second half. Overseas sales declined substantially.

As a result, segment sales for the fiscal year totaled JPY 206,197 million, a decrease of 24.2 percent compared with the previous fiscal year.

• Electronic and Mechanical Components Business

In Japan, demand for many products has been recovering as inventory adjustments in the commercial and consumer products and automotive components industries that began in the second half of 2008 reached the end of a cycle in the first quarter. However, there is a gap compared with the levels prior to the "Lehman Shock," and a full-fledged recovery is still expected to take some time. As a result, sales declined substantially.

Overseas, although sales were weak in an unprecedentedly severe operating environment in Europe and North America, particularly in the first half, signs of recovery gradually surfaced starting in September. In China and Southeast Asia, a recovery trend began in the second quarter and demand turned upward, particularly for relays for home electronics, flexible printed circuit connectors for optical disks, and mobile phone input devices.

As a result, segment sales for the fiscal year totaled JPY 70,717 million, a decrease of 7.6 percent compared with the previous fiscal year.

• Automotive Electronic Components Business

In Japan, sales declined in the first half with a sharp drop in automobile sales due to the strong impact of the global economic downturn that followed the Lehman Shock. In the second half, a recovery was seen due to measures including preferential tax treatment for eco-friendly cars.

Overseas, demand for Omron products in North America, the main market of this segment, fell sharply due to the major impact from the failure of a large auto manufacturer and production shutdowns, resulting in a significant decrease in sales. However, prolonged turmoil was avoided due to prompt restructuring support from the government. In addition, the effects of stimulus programs to promote new automobile purchases in various countries became apparent, and demand started to recover gradually in the second half.

As a result, segment sales for the fiscal year totaled JPY 75,163 million, a decrease of 8.5 percent compared with the previous fiscal year.

• Social Systems Business

In the public transportation systems business, sales decreased sharply as railway companies came to the end of a phase of new railway line openings and investment in IC card equipment, and cut back capital investment due to the effects of the continuing weak economy and reduced expressway tolls on weekends and holidays. In addition, the social sensor solutions business saw expansion of new solutions in the traffic and road management systems business, but sales decreased significantly with the effect of cutbacks in investment by the manufacturing, distribution and credit industries. In the related maintenance business, sales decreased due to the

effect of cutbacks in capital investment by manufacturers and a decrease in public transportation-related construction. In the software business, sales decreased substantially due to a decline in the number of mobile phones sold in the Japanese market and cutbacks in capital investment by distributors.

As a result, segment sales for the fiscal year were JPY 57,981 million, a decrease of 19.8 percent compared with the previous fiscal year.

- **Healthcare Business**

In Japan, sales of healthcare equipment were strong as demand for digital thermometers increased due in part to the effect of a new type of influenza. However, sales of devices for medical institutions dropped below that of the previous fiscal year due to the ongoing curtailment or postponement of investment by hospitals and physicians.

Overseas, demand in Asia remained strong, reflecting rising awareness of health management in provincial cities in China. On the other hand, sales in North America and Europe were weak due to the continuing sluggish economy, in addition to the impact of currency translation because of the strong yen.

As a result, segment sales for the fiscal year were JPY 63,359 million, a decrease of 0.4 percent compared with the previous fiscal year.

- **Other**

In the “Other” segment, the head office is directly in charge of businesses for development, expansion and other purposes. The main businesses are as follows.

In the environmental business, sales were strong for energy saving services using visualization systems for energy consumption as a CO₂ reduction solution amid expansion of initiatives to maintain and improve the environment.

In the electronic equipment business, contract production and development of electronic devices benefited from improving market conditions, and a moderate recovery trend emerged in the third quarter.

In the micro devices business, sales were in a recovery trend as demand for custom integrated circuits and consumer and industrial demand rebounded, while LCD-related contract chip manufacturing also increased.

In the backlight business, sales were weak due to a decrease in demand for music players.

As a result, segment sales were JPY 51,277 million, a decrease of 15.5 percent compared with the previous fiscal year.

Sales by Division (Consolidated)

Division	Amount (JPY millions)	Share of total (%)	Year-on-year comparison (%)
Industrial Automation Business	206,197	39	76
Electronic and Mechanical Components Business	70,717	14	92
Automotive Electronic Components Business	75,163	14	92
Social Systems Business	57,981	11	80
Healthcare Business	63,359	12	100
Other Businesses	51,277	10	84
Total	524,694	100	84

- Notes: 1. "Other Businesses" includes the environmental business, electronic equipment business, micro devices business and backlight business.
2. The Company has adopted FASB ASC No. 280, "Segment Reporting" (previously FASB Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information"), from the year ended March 31, 2010. Segment information for the year ended March 31, 2009 has been restated to reflect the change.
3. From the third quarter ended December 31, 2009, business segments have been changed to reflect a change in organization. Figures in segment information for the year ended March 31, 2009 have been restated to reflect the new classifications.

Sales by Division (Non-Consolidated)

Division	Amount (JPY millions)	Share of total (%)	Year-on-year comparison (%)
Industrial Automation Business	118,009	53	81
Electronic and Mechanical Components Business	30,887	14	83
Automotive Electronic Components Business	34,205	16	92
Social Systems Business	25,139	11	70
Other Businesses	13,127	6	116
Total	221,367	100	83

- Notes: 1. "Other Businesses" includes the environmental business, electronic equipment business and micro devices business.
2. From the third quarter ended December 31, 2009, business segments have been changed to reflect a change in organization. Figures in segment information for the year ended March 31, 2009 have been restated to reflect the new classifications.

(2) Capital Investment

The Omron Group prioritized the safety of its financial position by continuing to suspend or postpone large-scale investments in response to the impact of the rapid deterioration of the global economy in fiscal 2008. As a result of this, as well as careful selection of investment projects, total capital investment for the period was JPY 19,524 million, a 47.0 percent decrease from the previous fiscal year.

(3) Capital Procurement

In fiscal 2009, the Omron Group reduced the amount of electronic commercial paper issued by JPY 15.0 billion by scaling back new capital investment and reducing inventories, for a total of JPY 16.0 billion issued.

(4) Issues Facing the Company

Due to the drastic changes that swept the global economy in fiscal 2008, Omron assumed that its operating environment in fiscal 2009 would be severe. Therefore, the Omron Group undertook sweeping structural reforms and reorganization of operations as the top priorities in the “Revival Stage,” which began in February 2009. Specifically, the head office, centered on the Emergency Measures and Structural Reform HQ headed by President and CEO Hisao Sakuta, has led implementation of these emergency measures and structural reforms.

In terms of emergency measures, Omron achieved major cost reductions as a result of thorough cost-cutting in every area, a freeze on large-scale capital investment and consolidation of unprofitable businesses. This contributed to improved earnings in fiscal 2009. Structural reforms included the restructuring of the three control businesses.

In fiscal 2010, the Emergency Measures and Structural Reform HQ, having achieved its specified results, will be progressively dissolved and reorganized as the Structural Reform Acceleration HQ headed by the President and CEO. Omron will continue to undertake structural reforms of business operations in general, including expenses, investments and inventories.

With these operational and business domain strategies, Omron will build a robust earnings structure that is resilient to changes in the environment and strengthen its operations.

For internal controls for financial reporting, the Omron Group has set up a company-wide promotion office led by the President and CEO to carry out evaluations through a system of monitoring by the Internal Audit Office based on self-evaluation by each department. The Omron Group also undergoes audits by an outside independent auditor.

The Omron Group will continue to increase its efforts to strengthen stable internal controls for financial reporting.

(5) Financial Assets and Profit and Loss

Consolidated Financial Position and Operating Results

(JPY millions)

	70th term (April 1, 2006 to March 31, 2007)	71st term (April 1, 2007 to March 31, 2008)	72nd term (April 1, 2008 to March 31, 2009)	73rd term (April 1, 2009 to March 31, 2010)
Net Sales	723,866	762,985	627,190	524,694
Income (Loss) before Income Taxes	64,279	64,166	(39,133)	10,195
Net Income (Loss) Attributable to Shareholders	38,280	42,383	(29,172)	3,518
Basic Net Income (Loss) Attributable to Shareholders per Share (JPY)	164.96	185.89	(132.15)	15.98
Total Assets	630,337	617,367	538,280	532,254
Shareholders' Equity	382,822	368,502	298,411	306,327
Shareholders' Equity per Share (JPY)	1,660.68	1,662.32	1,355.41	1,391.41
Return on Equity (%)	10.3	11.3	(8.7)	1.2

- Notes: 1. The Omron Group prepares its financial statements according to generally accepted accounting practices in the United States (U.S. GAAP).
2. Omron has adopted FASB ASC No. 810, "Consolidation" (previously FASB Statement No. 160, "Non-controlling Interests in Consolidated Financial Statements—an amendment of ARB No. 51"), as of the fiscal year ended March 31, 2010. This standard requires the parent company's interest and non-controlling interests to be clearly identified, labeled and disclosed. Minority interests, which were formerly classified between liabilities and shareholders' equity in the consolidated balance sheets, are now accounted for in net assets as non-controlling interests. This statement also changes the presentation and line items of the consolidated statements of income.

Starting in the second half of the fiscal year ended March 31, 2010, demand centered on commercial and environment-related products recovered, supported by government measures in various countries aimed at encouraging consumption and preserving the environment. However, with the impact of the substantial downturn in the global economy and the weak capital investment environment in manufacturing industries through the first half, the Omron Group's net sales for the fiscal year decreased 16.3 percent compared with the previous fiscal year to JPY 524,694 million. Net income attributable to shareholders was JPY 3,518 billion, and return on equity (ROE) was 1.2%.

Non-Consolidated Financial Position and Operating Results

(JPY millions)

	70th term (April 1, 2006 to March 31, 2007)	71st term (April 1, 2007 to March 31, 2008)	72nd term (April 1, 2008 to March 31, 2009)	73rd term (April 1, 2009 to March 31, 2010)
Net Sales	347,202	332,292	267,092	221,367
Ordinary Income (Loss)	30,933	38,581	(7,395)	16,073
Net Income (Loss)	32,705	31,563	(19,526)	22,788
Net Income (Loss) per Share (JPY)	140.91	138.40	(88.43)	103.49
Total Assets	389,247	382,260	360,732	371,743
Net Assets	241,733	236,016	197,413	221,363
Net Assets per Share (JPY)	1,048.43	1,063.68	895.24	1,003.93

(6) Principal Subsidiaries

Principal subsidiaries are outlined below.

(As of March 31, 2010)

Name	Capital (JPY millions)	Parent ownership (%)	Principal businesses
OMRON Healthcare Co., Ltd.	5,021	100.0	Healthcare business
OMRON Aso Co., Ltd.	200	100.0	Manufacture of control devices
OMRON Relay & Devices Corporation	300	100.0	Electronic components business
OMRON Iida Co., Ltd.	150	100.0	Manufacture of automotive electronic components
OMRON Field Engineering Co., Ltd.	360	100.0	Design, construction, repair and technical guidance of electrical devices
OMRON Management Center of America, Inc.	(Thousands of U.S. dollars) 7,308	100.0	Regional management in the United States and Canada
OMRON Asia Pacific Pte. Ltd.	(Thousands of Singapore dollars) 47,888	100.0	Regional management and supervision of control device business in Southeast Asia
OMRON Europe B.V.	(Thousands of Euro) 16,883	100.0	Regional management and supervision of control device business in Europe
OMRON (China) Co., Ltd.	(Thousands of RMB) 1,468,771	100.0	Regional management in China
OMRON (Shanghai) Co., Ltd.	(Thousands of RMB) 550,289	100.0	Manufacture of control equipment in China

Corporate Results

The Omron Group consists of 154 consolidated subsidiaries and 16 affiliates accounted for using the equity method.

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

(7) Content of Principal Businesses

An overview of the Omron Group's principal products and businesses follows below.

(As of March 31, 2010)

Division Name	Products and Services
Industrial Automation Business	<p>Targets a wide range of customers in major manufacturing industries worldwide to provide manufacturing support using sensing technology and control technology that stays ahead of customer needs.</p> <p>Sequence Control Equipment, Programmable Terminals, Motion Controllers, Sensing Devices, Inspection Systems, Safety Devices, Precision Laser Processing Equipment, Control Devices</p>
Electronic and Mechanical Components Business	<p>Provides control components for commercial, consumer and automotive devices, components for mobile devices such as mobile phones, and modules.</p> <p>Relays, Switches, Connectors, Amusement Components and Units, Sensors for Consumers, Components for Printers and Photocopiers, Components for Mobile Equipment, Face Recognition Software</p>
Automotive Electronic Components Business	<p>Develops and produces components, sensors and electronic devices and provides various products for automobile and automotive electronic component manufacturers throughout the world.</p> <p>Various Switches, Keyless Entry Systems, Wireless Devices, Power Window Switches, Electric Power Steering Controllers, Instrument Panel Operating Switches, Various Controllers, etc.</p>
Social Systems Business	<p>Creates solutions using sensing & control technologies, software and total maintenance services for a safe, secure and comfortable society, and works with customers to contribute to building an optimized society.</p> <p>Railway Station Service Systems, Traffic and Road Management Systems, Social Sensor Terminals & Systems, Room Access Control Systems, IC Card Payment Terminals</p>
Healthcare Business	<p>Provides numerous types of health and medical equipment worldwide. Omron has also been focusing on building its business in home medical care, including circulatory systems measurement and obesity solutions.</p> <p>Blood Pressure Monitors, Digital Thermometers, Body Composition Monitors, Pedometers, Electric Toothbrushes, Blood Sugar Monitors, Biometric Monitors, Inpatient Blood Pressure Monitoring Devices, Nebulizers, ECGs, Vascular Screening Devices, etc.</p>
Other	The Head Office is directly in charge of businesses for development, expansion and other purposes.
Environmental Business	CO ₂ Reduction Solutions Business (Power Consumption Monitoring Service, Energy Reduction Consulting Service), Remote Monitoring and Reporting Systems Business (Insulation Monitoring Devices)
Electronic Equipment Business	Industrial PCs, Uninterruptible Power Supplies
Micro Devices Business	MEMS Microphone Chips, MEMS Flow Sensors, MEMS Thermal Sensors, RF MEMS Switches, Analog ICs, Contract Chip Manufacturing Service (MEMS: Micro-Electro-Mechanical Systems)
Backlight Business	LED Backlight Units for Small and Medium-Sized LCD Modules, Optical Components

(8) Principal Places of Business, etc.

(As of March 31, 2009)

Omron	Headquarters (Head Office) Tokyo Head Office (Branch Office)	Shimogyo-ku, Kyoto Minato-ku, Tokyo
	Places of Business	Osaki Office (Shinagawa-ku, Tokyo), Mishima Office (Mishima, Shizuoka), Nagoya Office (Nishi-ku, Nagoya), Komaki Office (Komaki, Aichi), Yasu Office (Yasu, Shiga), Kusatsu Office (Kusatsu, Shiga), Ayabe Office (Ayabe, Kyoto), Osaka Office (Kita-ku, Osaka), Okayama Office (Okayama, Okayama), Fukuoka Office (Hakata-ku, Fukuoka)
	Research Site	Keihanna Technology Innovation Center (Kizugawa, Kyoto)
Subsidiaries	Japan	OMRON Healthcare, Co., Ltd. (Ukyo-ku, Kyoto) OMRON Aso Co., Ltd. (Aso, Kumamoto) OMRON Relay & Devices Corporation (Yamaga, Kumamoto) OMRON Iida Co., Ltd. (Iida, Nagano) OMRON Field Engineering Co., Ltd. (Shibuya-ku, Tokyo)
	Overseas	OMRON Management Center of America, Inc. (Illinois, U.S.A.) OMRON Asia Pacific Pte. Ltd. (Singapore) OMRON Europe B.V. (Hoffdorf, The Netherlands) OMRON (China) Co., Ltd. (Beijing, China) OMRON (Shanghai) Co., Ltd. (Shanghai, China)

(9) Employees**Omron Group Employees**

(As of March 31, 2010)

Number of employees	Change from March 31, 2009
36,299	Increase of 3,716 employees

Notes: 1. Number of employees refers to full time employees (people assigned by the Omron Group to work outside the Omron Group are excluded; people assigned from outside the Omron Group to work within the Omron Group are included).

2. The number of employees increased by 3,716 compared with March 31, 2009, primarily because of staff increases due to higher production loads at overseas manufacturing companies.

Parent Company Employees

(As of March 31, 2010)

Number of Employees	Change from March 31, 2009	Average Age	Average Years of Employment with Omron
5,133	Increase of 117 employees	40 years 0 months	14 years 0 months

(10) Major Lenders

(As of March 31, 2010)

Lender	Loan Amount
Syndicate loan	JPY 20.0 billion

Note: The lead manager of the syndicate loan is The Bank of Tokyo-Mitsubishi UFJ, Ltd.

2. Stock Information (As of March 31, 2010)

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

(2) Total Number of Shares Issued 239,121,372 shares

(3) Number of Shareholders 33,847

(4) Principal Shareholders (Top Ten Shareholders)

Shareholder	Number (thousands of shares)	Percentage Held (%)
Japan Trustee Services Bank, Ltd. (trust account)	10,403	4.72
The Chase Manhattan Bank 385036	8,565	3.88
The Master Trust Bank of Japan, Ltd. (trust account)	8,249	3.74
State Street Bank & Trust Company 505223	8,004	3.63
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,713	3.50
The Bank of Kyoto, Ltd.	7,069	3.21
Nippon Life Insurance Company	6,066	2.75
Northern Trust Company (AVFC) re Fidelity Funds	4,479	2.03
RBC Dexia Investor Services Trust, London Lending Account	3,969	1.80
Omron Employee Stock Ownership Plan	3,749	1.70

- Notes:
- The percentage of shares is calculated excluding treasury stock.
 - The Company holds 18,918 thousand shares of treasury stock (7.91% of total shares outstanding) but is excluded from the principal shareholders listed above.
 - In February 2010, Harris Associates LP, an investment advisory firm, submitted a large shareholding report confirming that the submitter held 11,532 thousand shares of Omron stock as of February 2010.
 - In March 2010, Fidelity Investments Japan Limited submitted a large shareholding report confirming that two companies in its group held 18,416 thousand shares of Omron stock as of March 2010.

(5) Breakdown of Shareholders by Type

Category	Status of Shares (1 unit = 100 shares)							Odd-Lot Shares
	Government and Municipal Corporations	Financial Institutions	Securities Companies	Other Domestic Companies	Foreign Investors (Individuals)	Individuals and Others	Total	
Number of shareholders	1	89	35	375	440 (14)	27,100	28,040	—
Number of shares owned (units)	193	726,837	7,239	133,236	936,325 (38)	583,240	2,387,070	414,372 shares
Percent of total (%)	0.01	30.45	0.30	5.58	39.22 (0.00)	24.44	100.00	—

- Notes:
- Of the 18,917,654 shares of treasury stock in the shareholder register as of March 31, 2010, 18,917,600 shares are included in the "Individuals and Others" column, and 54 shares are included in "Odd-Lot Shares."
 - 2 units of stock in the name of the Japan Securities Depository Center, Inc. are included in the "Other Domestic Companies" column.

3. Stock Acquisition Rights of the Company

(1) Stock Acquisition Rights Held by Directors of the Company as of March 31, 2010

Date granted	July 28, 2005	July 11, 2006	July 10, 2007
Number of holders Directors of the Company (excluding external directors)	4	4	5
Number of stock acquisition rights	750	750	800
Type of shares subject to the stock acquisition rights	Common shares	Common shares	Common shares
Number of shares subject to the stock acquisition rights	75,000	75,000	80,000
Amount paid for stock acquisition rights (per share)	No charge	JPY 539	JPY 744
Value of assets to be paid upon exercise of the stock acquisition rights (per share)	JPY 2,550	JPY 3,031	JPY 3,432
Main terms and conditions for exercise of stock acquisition rights	(Note)	(Note)	(Note)

Note: Persons who have received allocations of common stock acquisition rights must hold the position of director or managing officer of the Company, or an equivalent position, at the time of exercise. However, this condition shall not apply in the case of holders of stock acquisition rights who shall have retired following the completion of their term of office or other such appropriate reason. Other terms and conditions shall be stipulated in the Stock Acquisition Right Agreement concluded between the Company and the persons who received allocations of stock acquisition rights.

(2) Stock Acquisition Rights Granted to Executive Officers of the Company in the Year Ended March 31, 2010

No stock acquisition rights were granted during the fiscal year ended March 31, 2010.

4. Directors and Corporate Auditors

(1) Names and Other Information of Directors and Corporate Auditors

Title	Name	Assignment and Main Duties
Chairman	Yoshio Tateisi	Chairman of the BOD Chairman of Kyoto Chamber of Commerce and Industry External Director, West Japan Railway Company External Director, Dainippon Screen Mfg. Co., Ltd.
Director and Executive Vice Chairman	Fumio Tateisi	Vice Chairman of CEO Selection Advisory Committee
Chief Executive Officer	Hisao Sakuta	President and CEO Chairman, Micromachine Center
Director and Executive Vice President	Keiichiro Akahoshi	Vice Chairman of Compensation Advisory Committee
Director and Executive Vice President	Yutaka Takigawa	Vice Chairman of Personnel Advisory Committee
Director	Kazuhiko Toyama	Chairman of Personnel Advisory Committee, CEO Selection Advisory Committee and Corporate Governance Committee Representative Director and CEO, Industrial Growth Platform, Inc. External Director, PIA Corporation External Director, The Asahi Shimbun Company
Director	Masamitsu Sakurai	Chairman of Compensation Advisory Committee and Vice Chairman of Corporate Governance Committee Chairman of the Board and Representative Director of Ricoh Co., Ltd. Chairman of Japan Association of Corporate Executives External Director, Tokio Marine Holdings, Inc. Director, Coca-Cola West Co., Ltd.
Corporate Auditor	Soichi Yukawa	
Corporate Auditor	Satoshi Ando	
Corporate Auditor	Hidero Chimori	Attorney at Law, Miyake & Partners External Corporate Auditor, Duskin Co., Ltd.
Corporate Auditor	Eisuke Nagatomo	President and CEO, EN Associates Co., Ltd. External Corporate Auditor, Mitsubishi Corporation External Corporate Auditor, Cedyna Financial Corp.

- Notes: 1. Directors Kazuhiko Toyama and Masamitsu Sakurai are external directors.
2. Corporate auditors Satoshi Ando, Hidero Chimori and Eisuke Nagatomo are external corporate auditors.
3. Directors Kazuhiko Toyama and Masamitsu Sakurai, full-time corporate auditor Satoshi Ando and corporate auditors Hidero Chimori and Eisuke Nagatomo have each provided notification as independent officers to Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange.
4. Director Masamitsu Sakurai is also chairman of the board and representative director of Ricoh Co., Ltd., with which the Company has a business relationship involving the sale of products and other transactions. However, transactions with the Ricoh Group, which includes Ricoh Co., Ltd., were negligible, accounting for 0.1 percent of consolidated net sales.

5. There are no special relationships between Omron and significant concurrent employers of other external directors.
6. Corporate auditor Eisuke Nagatomo holds prominent positions including Executive Officer and Managing Director (Chief Regulatory Officer) of Tokyo Stock Exchange Group, Inc., and has considerable knowledge regarding finance and accounting.
7. Changes in directors and corporate auditors during the year ended March 31, 2010 were as follows:
 - Appointments:
 - Soichi Yukawa was elected as a corporate auditor at the 72nd Ordinary General Meeting of Shareholders held on June 23, 2009.
 - Retirements:
 - Tsutomu Ozako retired as corporate auditor at the close of the 72nd Ordinary General Meeting of Shareholders held on June 23, 2009.

(2) Compensation of Directors and Corporate Auditors

1) Amount of Compensation, etc. of Each Director and Corporate Auditor and Policy on Decisions Related to Method of Calculation of these Amounts

Based on a resolution of the Board of Directors, the Company has a Compensation Advisory Committee to increase objectivity and transparency with respect to the compensation of directors and corporate auditors. The Compensation Advisory Committee is composed of four members, excluding the chairman and president of the Company, and chaired by an external director on the Board of Directors, and sets the Company's fundamental principles for compensation of officers. In the year ended March 31, 2010, the policy for compensation of directors was partially revised to clarify the indicators used for evaluation of bonuses to ensure the objectivity and transparency of the linkage between directors' bonuses and performance.

The Compensation Advisory Committee is consulted on the compensation of each director and corporate auditor. It then discusses the compensation of each individual and makes recommendations based on the Company's compensation principles.

The amount of compensation for each director is determined by resolution of the Board of Directors and the amount of compensation for each corporate auditor is determined by discussions among the corporate auditors (resolution of the Board of Corporate Auditors). These amounts are within the scope of the aggregate compensation amounts for all directors and all corporate auditors as each has been set by resolution of the General Meeting of Shareholders.

Fundamental Principles for Compensation of Officers

- The Company shall pay compensation that enables it to recruit (hire) outstanding people as managers.
- The compensation structure shall contribute to long-term maximization of corporate value by providing motivation for officers.
- The compensation structure shall maintain a high level of transparency, fairness and rationality to achieve accountability to shareholders and other stakeholders.
 - To ensure transparency, fairness and rationality in the compensation of individual officers, all officers' compensation shall go through consultation of the Compensation Advisory Committee.
- The purpose of compensation shall be made clear, and a compensation plan shall be created according to the role of each individual officer.

Policy for Compensation of Directors

- Compensation of directors shall consist of a base salary (monthly salary), bonuses and stock compensation (note).
 - The Company shall provide base salaries sufficient to recruit (hire) outstanding people.
 - The Company shall provide bonuses as performance incentives with emphasis on yearly results.
 - Bonuses to directors shall be paid only to internal directors. The amount of bonuses shall be based on a standard amount for each position, and set according to the degree of achievement and growth rate of evaluation indicators (income before income taxes, return on invested capital, net income and cash dividends per share).
 - The Company shall grant stock compensation as compensation linked to increases in corporate value (stock value), with the intention of reflecting medium-to-long-term performance in compensation.
 - For external directors, from the perspective of their position and independence, the Company shall provide only base salaries, and shall not grant bonuses or stock compensation, which are performance-linked compensation.
- No retirement bonuses shall be paid.
- The level of compensation shall be determined taking into account the levels at other companies surveyed using a specialized outside institution.

Policy for Compensation of Corporate Auditors

- Compensation of corporate auditors shall consist of only a base salary (monthly salary) to ensure recruitment (hiring) of excellent people.
- No retirement bonuses shall be paid.
- The level of compensation shall be determined taking into account the levels at other companies surveyed using a specialized outside institution.

Note: Stock compensation is based on guidelines for payments to directors of a fixed amount of compensation each month, which they use to make monthly purchases of the Company's stock (through the officers' stockholding association), and hold this stock during their term of office.

2) Amount of Compensation of Directors and Corporate Auditors

Title	Number	Base Compensation (JPY million)	Bonuses (JPY million)	Aggregate Compensation (JPY millions)
Directors	7	369	61	430
External directors:	[2]	[20]	[—]	[20]
Corporate auditors	5	77	—	77
External corporate auditors:	[3]	[46]	[—]	[46]
Total	12	446	61	507
External officers included in total:	[5]	[66]	[—]	[66]

Notes:

- The above compensation amounts include compensation paid to one corporate auditor who retired at the close of the 72nd Ordinary General Meeting of Shareholders held on June 23, 2009.
- The maximum limit of the aggregate compensation of directors was set at JPY 35.0 million per month at the 63rd Ordinary General Meeting of Shareholders held on June 27, 2000. In addition, the maximum limit of the aggregate compensation of corporate auditors was set at JPY 7.0 million per month by resolution of the 60th Ordinary General Meeting of Shareholders held on June 27, 1997.
- In the above compensation amounts, the maximum limits in Note 2 include the amount of expenses charged for stock acquisition rights granted as stock options to directors of the Company, excluding external directors.
- The above bonuses to directors are the amounts that the Company plans to pay, provided that the item “Payment of Bonuses to Directors,” which the Company plans to place on the agenda at this Ordinary General Meeting of Shareholders, is approved and resolved as originally proposed.
- By resolution of the Board of Directors on April 28, 2004, the Company abolished the system of retirement bonuses for directors as of the close of the 67th Ordinary General Meeting of Shareholders held on June 24, 2004. In connection with this, a resolution was passed at the 67th Ordinary General Meeting of Shareholders to pay directors then in office retirement bonuses corresponding to their term of office up until the close of that general meeting upon their retirement.
Based on this resolution, the Company paid a total of JPY 64 million as a retirement bonus, which is not included in the above compensation amounts, to one corporate auditor who retired at the close of the 72nd Ordinary General Meeting of Shareholders held on June 23, 2009.
- In addition to the above, one external corporate auditor of the Company was paid JPY 174,000 as compensation from a subsidiary where he also serves as an auditor.
- No directors of the Company received any employee wages other than their compensation as directors.

(3) Items Related to External Directors and Corporate Auditors

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

As listed in “(1) Names and Other Information of Directors and Corporate Auditors.”

2) Main Activities in the Past Fiscal Year

	Name	Main Activities
External Directors	Kazuhiko Toyama	Attended 12 of the 16 Board of Directors meetings held during the period (including 11 of the 13 regular meetings), and made statements as necessary mainly from his perspective as a manager with abundant experience.
	Masamitsu Sakurai	Attended 12 of the 16 Board of Directors meetings held during the period (including 10 of the 13 regular meetings), and made statements as necessary mainly from his perspective as a manager with abundant experience.
External Auditors	Satoshi Ando	Attended 16 of the 16 Board of Directors meetings (including 13 of the 13 regular meetings) and 13 of the 13 Board of Corporate Auditors meetings held during the period, and made statements as necessary mainly from his perspective as a manager with abundant experience.
	Hidero Chimori	Attended 14 of the 16 Board of Directors meetings (including 11 of the 13 regular meetings) and 12 of the 13 Board of Corporate Auditors meetings held during the period, and made statements as necessary mainly from a specialized viewpoint as an attorney.
	Eisuke Nagatomo	Attended 14 of the 16 Board of Directors meetings (including 12 of the 13 regular meetings) and 11 of the 13 Board of Corporate Auditors meetings held during the period, and made statements as necessary mainly from his perspective as a manager with abundant experience.

3) Summary of Details of Limited Liability Agreements

The Company has established a provision in its articles of incorporation for limited liability agreements with external directors and external corporate auditors to ensure that they can adequately fulfill their expected roles. Based on this provision in the articles of incorporation, the Company has entered into limited liability agreements with all of the external directors and external corporate auditors based on the relevant provision of the articles of incorporation. These agreements limit their liability for damages with respect to the liabilities of Article 423-1 of the Corporation Law to JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Corporation Law, whichever is higher, when the external director or external corporate auditor has performed his duties in good faith and has not been grossly negligent.

5. Independent Auditors

(1) Name of Independent Auditor

Deloitte Touche Tohmatsu LLC

Note: On July 1, 2009, Deloitte Touche Tohmatsu was converted to a limited liability company, and changed its name to Deloitte Touche Tohmatsu LLC.

(2) Amount of Compensation of Independent Auditors for the Fiscal Year Ended March 31, 2010

1)	Total amount of compensation to be paid to the independent auditor by the Company and its subsidiaries	JPY 180 million
2)	Of the total amount in 1), total amount to be paid by the Company and its subsidiaries as compensation for audit certification services	JPY 179 million
3)	Of the total amount in 2), amount of compensation as independent auditor to be paid by the Company	JPY 141 million

Notes:

1. The amount of audit compensation under the Corporation Law and the amount of audit compensation for the audit of financial statements, fourth quarter review and audit of the internal control system under the Financial Instruments and Exchange Law are not separated in the audit contract between the Company and the independent auditor, and cannot be separated practically. Therefore, the amount in 3) is stated as the total of these.
2. Among the Company's principal consolidated subsidiaries, OMRON Management Center of America, Inc., OMRON Asia Pacific Pte. Ltd., OMRON Europe B.V. and OMRON (China) Co., Ltd. receive audits by an auditor other than the independent auditor of the Company.

(3) Contents of Services other than Services of Article 2-1 of the Certified Public Accountant Law (Non-Audit Services)

The Company commissions and pays the independent auditor to perform services including voluntary audit work, a service other than the services in Article 2-1 of the Certified Public Accountant Law (a non-audit service).

(4) Policy for Dismissal or Non-Reappointment of Independent Auditor

The Company may dismiss or decline to reappoint the independent auditor for any of the following reasons:

- 1) If the Board of Directors judges that the independent auditor is unable to carry out its duties properly, the Board may submit to the shareholders' meeting a proposal for the dismissal or non-reappointment of the independent auditor after obtaining the consent of the Board of Corporate Auditors.
- 2) If the Board of Corporate Auditors judges that the independent auditor is unable to carry out its duties properly, it may request the Board of Directors to submit a proposal to the shareholders' meeting for the dismissal or non-reappointment of the independent auditor, and the Board of Directors may place this proposal on the agenda of the shareholders' meeting.
- 3) If the Board of Corporate Auditors judges that any of the numbered items in Article 340, Paragraph 1 of the Corporation Law apply, it may dismiss the independent auditor with the consent of all corporate auditors.

6. Systems and Policies of the Company

(1) Systems to Ensure that Execution of Directors' Duties Conforms with Laws and the Articles of Incorporation and Systems to Ensure Appropriateness of Other Operations (Basic Policy on Maintenance of Internal Control System)

The Company has set the following as the Omron Group's internal control system.

1. Corporate Philosophy of the Omron Group

The following is set and practiced as the Omron Group's corporate philosophy.

- (1) Corporate Core Value
 - Working for the benefit of society
- (2) Management Principles
 - Challenging ourselves to always do better
 - Innovation driven by social needs
 - Respect for humanity
- (3) Management Commitments

The Company has set “Respect for individuality and diversity,” “Maximum customer satisfaction,” “Relationship-building with shareholders” and “Awareness and practice of corporate citizenship” as management commitments, and aims to conduct fair and highly transparent management while maintaining an honest dialogue and building relationships of trust with stakeholders.

(4) **Guiding Principles for Action**

“Quality first,” “Unceasing commitment to challenging ourselves,” “Integrity and high ethics” and “Self-reliance and mutual support” are the guiding principles for action of the individuals and organizations that make up the Omron Group. Conscious of “working for the benefit of society,” we strive for high-quality conduct and pursue personal growth and advancement of business.

2. Corporate Governance Philosophy

- (1) The purpose of corporate governance at Omron is to obtain the support of stakeholders and strengthen business competitiveness to ensure the perpetual growth of the Company, and to create and operate a mechanism that can show proof of this (an oversight system).
- (2) In addition, with the objective of linking the expectations of all stakeholders, the Company has “Long-term maximization of corporate value” as a management goal, and will work to build an optimal management structure and conduct appropriate corporate operations to realize management that is efficient and competitive, and will also enhance management oversight mechanisms to verify these efforts.
- (3) The Corporate Governance Committee chaired by an external director was established as an advisory committee to the Board of Directors, and will continually enhance corporate governance at the Company and increase management fairness and transparency.

3. System to Ensure that Execution of Directors’ and Employees’ Duties Conforms with Laws and the Articles of Incorporation

- (1) The Company has more than one external director (two of the seven directors), separates the positions of chairman and president (CEO) and takes other measures to strengthen management oversight by the Board of Directors.
- (2) The Company has established advisory committees in the Board of Directors on personnel, nomination of the president and compensation. These committees, which are chaired by external directors, provide advice on nomination, promotion and compensation of directors, corporate auditors and managing officers, and increase the objectivity and transparency of decisions.
- (3) The Omron Group CSR Guidelines show the Omron’s Group’s basic policies for practicing “socially responsible corporate management,” and specific action guidelines for officers and employees, and are disseminated to promote legal compliance.
- (4) The Group CSR Action Committee, which is headed by the president, has been established as an organization to promote socially responsible corporate management. The key theme of the activities of this committee is promoting corporate ethics and compliance in the Omron Group. As specific activities, the president himself issues instructions on corporate ethics and compliance, providing opportunities to disseminate awareness. In addition, the Company conducts regular training and education for employees on corporate ethics and compliance.
- (5) Omron has set up a whistleblower hotline called the Corporate Ethics Hotline both inside and outside the Company to receive reports of acts that are, or could potentially be, in violation of the Omron Group CSR Action Guidelines, work rules or laws. In accordance with laws and internal company rules, the content of these reports is protected as confidential, and employees may not be given unfavorable treatment for making such reports.
- (6) Omron has set up an internal control department directly under the president to conduct operational audits.
- (7) To ensure the propriety of the Omron Group’s financial reporting, a system has been established that enables reports to be submitted appropriately in accordance with laws and regulations through measures such as monitoring by internal audit divisions after each division conducts its own review of maintenance and operation of business processes.
- (8) The Omron Group’s policy on elimination of antisocial forces is defined in the Omron Group CSR Practice Guidelines.

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

- (1) Under the Board of Directors Rules, the minutes of Board of Directors meetings are saved and managed for 10 years.
- (2) Under the Management Rules, which state the basic policy and principles for Group management and decision making, decision reports are issued for decisions on significant issues. Decision reports, minutes of Executive Committee meetings, and other important documents showing the state of execution of duties are preserved and managed in accordance with laws and internal company rules.
- (3) With the aim of realizing highly transparent management, Omron positions information disclosure as an important task of the Group CSR Action Committee. Under the supervision of this committee, Omron proactively makes timely disclosure to the public about significant information concerning the Omron Group.

5. Regulations and Other Systems Concerning Management of the Risk of Loss

- (1) Through the Group CSR Action Committee, Omron regularly identifies risks down to the internal company level, sets priority risks and response policies, and implements response measures in each division.
- (2) For significant risks involving the entire company, company-wide response measures are taken across all internal companies, including setting up special committees.
- (3) When a crisis occurs, the Company makes reports and information transmissions and assembles the necessary response teams in accordance with the Crisis Management Rules.

6. Systems to Ensure Efficient Execution of Directors' Duties

- (1) The Company uses the executive officer system and keeps the number of directors small (currently seven directors) to ensure substantive discussion and swift decision making at Board of Directors meetings.
- (2) In addition to the Board of Directors, the Company has an Executive Committee, which discusses and decides on significant business execution issues within the scope of the president's authority.
- (3) Omron uses an internal company system, and promotes faster decision making and efficient business operations by delegating substantial authority to the president of each internal company.

7. Systems to Ensure Appropriateness of Business Operations in the Omron Group

- (1) Domestic and overseas subsidiaries and affiliates also share the Omron Group corporate philosophy.
- (2) The Omron Group CSR Action Guidelines are compiled in major languages not only in Japan but overseas as well, and disseminated to officers and employees globally.
- (3) Omron works to improve the internal control system of each company by establishing corporate ethics and compliance systems, including appointing ethics and compliance promoters at subsidiaries and affiliates.
- (4) Internal audit divisions conduct operational audits of domestic and overseas subsidiaries and affiliates.

8. Systems to Ensure Effectiveness of Corporate Auditors

- (1) An Auditors Office and full-time staff are established to assist corporate auditors in performing their duties. The Auditors Office staff perform their work under the supervision and instruction of the corporate auditors.
- (2) Personnel evaluations, appointments and transfers of the Auditors Office staff are done with the consent of the Board of Corporate Auditors.
- (3) As a system for the Board of Directors and employees to report to corporate auditors, systems are in place for corporate auditors to hold periodic interviews of directors and executive officers, periodically exchange views with the president, and receive operational reports from executive officers. In addition, the Auditors Office Manager is invited to meetings of the Board of Corporate Auditors and makes internal audit reports.
- (4) A majority (currently three out of four) of the corporate auditors are external auditors, including legal professionals such as attorneys and Certified Public Accountants, or individuals with extensive knowledge of finance and accounting, to enhance audit objectivity and effectiveness.
- (5) Corporate auditors attend and state their opinions at meetings of the Board of Directors as well as meetings of the Executive Committee, the Group CSR Action Committee and other important meetings.

(2) Policy on Setting Dividends

Pursuant to the articles of incorporation, the Company presents proposals for setting dividends to the General Meeting of Shareholders, except for interim dividends, which are set by resolution of the Board of Directors.

Omron views its dividend policy as one of its most important management issues, and applies the following basic policy in regard to distribution of profits to shareholders.

In order to maximize corporate value over the long term, internal capital resources will be secured for measures that will increase corporate value. These measures include investments in R&D and capital investments, which are vital to future business expansion.

After taking into consideration the required investments for future growth and the level of free cash flow, surplus will be distributed to the shareholders to the maximum extent possible.

For dividends in each fiscal year, Omron's policy is to enhance stable, uninterrupted profit distributions by taking into account consolidated results as well as indicators including dividends on equity (DOE), which is return on equity (ROE) multiplied by the payout ratio, although this is subject to the level of internal capital resources necessary in each fiscal year. Specifically, Omron will aim to maintain the payout ratio at a minimum of 20% and make profit distributions with a near-term DOE target of 2%.

Utilizing retained earnings that have been accumulated over a long period of time, Omron intends to systematically repurchase and retire the Company's stock to benefit shareholders.

Consolidated Financial Statements

Consolidated Balance Sheet

(JPY millions)

Item	73rd term (As of March 31, 2010)	(Reference) 72nd term (As of March 31, 2009)	Item	73rd term (As of March 31, 2010)	(Reference) 72nd term (As of March 31, 2009)
	Amount	Amount		Amount	Amount
ASSETS			LIABILITIES		
Current Assets:	285,758	275,991	Current Liabilities:	155,562	135,038
Cash and cash equivalents	51,726	46,631	Short-term debt	16,612	32,970
Notes and accounts receivable — trade	126,250	113,551	Notes and accounts payable — trade	68,874	58,179
Allowance for doubtful receivables	(2,531)	(2,562)	Accrued expenses	25,891	24,791
Inventories	77,655	84,708	Income taxes payable	2,710	711
Deferred income taxes	19,988	16,522	Deferred income taxes	11	156
Other current assets	12,670	17,141	Other current liabilities	21,149	17,743
Property, Plant and Equipment:	122,994	132,535	Current portion of long-term debt	20,315	488
Land	26,376	26,753	Long-Term Debt	1,290	21,401
Buildings	127,344	120,244	Deferred Income Taxes	886	941
Machinery and equipment	140,200	143,801	Termination and Retirement		
Construction in progress	2,733	9,061	Benefits	66,964	80,443
Accumulated depreciation	(173,659)	(167,324)	Other Long-Term Liabilities	417	476
Investments and Other Assets:	123,502	129,754	Total Liabilities	225,119	238,299
Investments in and advances to associates	13,637	15,638	NET ASSETS		
Investment securities	38,556	31,682	Shareholders' Equity:	306,327	298,411
Leasehold deposits	7,452	7,784	Common stock	64,100	64,100
Deferred income taxes	45,737	53,783	Capital surplus	99,081	99,059
Other	18,120	20,867	Legal reserve	9,363	9,059
			Retained earnings	230,859	231,388
			Accumulated other		
			comprehensive income (loss):	(52,614)	(60,744)
			Foreign currency translation adjustments	(23,678)	(22,319)
			Minimum pension liability adjustments	(36,553)	(40,570)
			Net unrealized gains on available-for-sale securities	7,684	2,763
			Net gains (losses) on derivative instruments	(67)	(618)
			Treasury stock	(44,462)	(44,451)
			Non-controlling Interests	808	1,570
			Total net assets	307,135	299,981
Total Assets	532,254	538,280	Total Liabilities and Net Assets	532,254	538,280

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

Consolidated Statement of Operations

(JPY millions)

Item	73rd term (April 1, 2009 to March 31, 2010)	(Reference) 72nd term (April 1, 2008 to March 31, 2009)
	Amount	Amount
Net sales	524,694	627,190
Cost of sales	340,352	408,668
Gross profit	184,342	218,522
Selling, general and administrative expenses	133,426	164,284
Research and development expenses	37,842	48,899
Other expenses, net	2,879	44,472
Income (loss) before income taxes	10,195	(39,133)
Income taxes	3,782	(10,495)
Current	4,812	3,400
Deferred	(1,030)	(13,895)
Equity in net losses of affiliates	2,792	811
Net income (loss) before subtraction of non-controlling interests	3,621	(29,449)
Net income (loss) attributable to non-controlling interests	103	(277)
Net income (loss) attributable to shareholders	3,518	(29,172)

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

Consolidated Statement of Shareholders' Equity

(JPY millions)

	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Shareholders' equity	Non-controlling interests	Total net assets
(Reference)									
Balance, end of the 71st term	64,100	98,961	8,673	266,451	(28,217)	(41,466)	368,502	2,018	370,520
Net income				(29,172)			(29,172)	(277)	(29,449)
Cash dividends				(5,505)			(5,505)		(5,505)
Transfer to legal reserve			386	(386)			—		—
Foreign currency translation adjustments					(16,537)		(16,537)	(171)	(16,708)
Minimum pension liability adjustments					(11,325)		(11,325)		(11,325)
Unrealized losses on available-for-sale securities					(3,738)		(3,738)		(3,738)
Net losses on derivative instruments					(927)		(927)		(927)
Acquisition of treasury stock						(2,995)	(2,995)		(2,995)
Sale of treasury stock		(3)				10	7		7
Grant of stock options		101					101		101
Balance, end of the 72nd term	64,100	99,059	9,059	231,388	(60,744)	(44,451)	298,411	1,570	299,981
Net income				3,518			3,518	103	3,621
Cash dividends				(3,743)			(3,743)		(3,743)
Dividends to non-controlling interests								(762)	(762)
Capital and other transactions with non-controlling interests								(62)	(62)
Transfer to legal reserve			304	(304)			—		—
Foreign currency translation adjustments					(1,359)		(1,359)	(41)	(1,400)
Minimum pension liability adjustments					4,017		4,017		4,017
Unrealized gains on available-for-sale securities					4,921		4,921		4,921
Net gains on derivative instruments					551		551		551
Acquisition of treasury stock						(13)	(13)		(13)
Sale of treasury stock		(0)				2	2		2
Grant of stock options		22					22		22
Balance, end of the 73rd term	64,100	99,081	9,363	230,859	(52,614)	(44,462)	306,327	808	307,135

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

(Reference)

Consolidated Statement of Cash Flows

(JPY millions)

Item	73rd term (April 1, 2009 to March 31, 2010)	72nd term (April 1, 2008 to March 31, 2009)
	Amount	Amount
I Cash Flows from Operating Activities:		
1. Net income (loss) before non-controlling interests	3,621	(29,449)
2. Adjustments to reconcile net income to net cash provided by operating activities:		
(1) Depreciation and amortization	27,014	33,496
(2) Loss on impairment of property, plant and equipment	217	21,203
(3) Net gain on sales of investment securities	(636)	(64)
(4) Loss on impairment of investment securities and other assets	632	5,401
(5) Loss on impairment of goodwill	—	16,813
(6) Termination and retirement benefits	(5,110)	(1,390)
(7) Decrease (increase) in notes and accounts receivable — trade, net	(14,440)	47,526
(8) Decrease in inventories	4,977	5,776
(9) Increase (decrease) in notes and accounts payable — trade	13,298	(34,046)
(10) Other, net	13,186	(33,858)
Total adjustments	39,138	60,857
Net cash provided by operating activities	42,759	31,408
II Cash Flows from Investing Activities:		
1. Capital expenditures	(20,792)	(37,477)
2. Proceeds from sales or maturities of investment securities	1,004	1,742
3. Other, net	1,204	(4,893)
Net cash used in investing activities	(18,584)	(40,628)
III Cash Flows from Financing Activities:		
1. Net proceeds (repayments) of short-term debt	(16,501)	34,375
2. Dividends paid	(3,845)	(9,520)
3. Acquisition of treasury stock	(13)	(2,995)
4. Sale of treasury stock	1	7
Net cash provided by (used in) financing activities	(20,358)	21,867
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,278	(6,640)
Net Increase in Cash and Cash Equivalents	5,095	6,007
Cash and Cash Equivalents at Beginning of the Period	46,631	40,624
Cash and Cash Equivalents at End of the Period	51,726	46,631

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

Notes to Consolidated Financial Statements

Basis of Presenting Consolidated Financial Statements

Significant Accounting Policies

1. Preparation of Consolidated Financial Statements

The Company prepares its consolidated financial statements in conformance with the terminology, form and preparation methods based on accounting principles generally accepted in the United States of America, in accordance with Article 3, paragraph 1 of the Company Accounting Regulations (Ministry of Justice Ordinance No. 46 of 2009). However, certain entries and notes required by accounting principles generally accepted in the United States of America have been omitted, in conformance with the same paragraph.

2. Valuation standards and methods for inventories

Japan: Principally at the lower of cost or market, with cost determined by the first-in first-out method
Overseas: Principally at the lower of cost or market, with cost determined by the moving-average method

3. Valuation standards and methods for securities

The Company applies U.S. Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic (hereinafter, "FASB ASC") 320, "Investments – Debt and Equity Securities" (formerly FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities")

Held-to-maturity securities:	Reported at amortized cost
Available-for-sale securities:	Reported at fair value on the balance sheet date. (Unrealized gains and losses are added directly to shareholders' equity, and amortized cost is calculated using the moving-average method.)

4. Fixed assets are depreciated by the following methods:

Property, plant and equipment:	Principally the declining-balance method
Intangible fixed assets:	Straight-line method (However, in accordance with FASB ASC 350, "Intangibles—Goodwill and Other" [formerly FASB Statement No. 142, "Goodwill and Other Intangible Assets"], assets with indefinite useful lives are not amortized but are tested for impairment at least annually.)

5. Accounting standards for reserves are as follows:

Allowance for doubtful receivables:	To cover possible losses on notes and accounts receivable, an allowance for doubtful receivables is established in amounts considered to be appropriate based primarily upon the Companies' past credit loss experience for ordinary receivables and evaluation of potential losses in the receivables outstanding.
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Allowance for retirement benefits:	An allowance for employee retirement benefits is provided based on the fair value of pension plan assets and projected benefit obligation at the end of the term, in accordance with FASB ASC 715, "Compensation—Retirement Benefits" (formerly FASB Statement No. 87, "Employers' Accounting for Pensions" and FASB Statement No. 158, "Employers' Accounting for Defined-Benefit Pensions and Other Retirement Benefit Plans").
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Unrecognized prior service cost is expensed using the straight-line method based on the average remaining length of service of employees.

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

6. Accounting Treatment of Consumption Taxes

Consumption taxes and local consumption taxes are excluded from accounting.

7. Goodwill

The Company accounts for goodwill in accordance with FASB ASC 350, “Intangibles – Goodwill and Other” (formerly FASB Statement No. 142, “Goodwill and Other Intangible Assets”), which requires that goodwill no longer be amortized, but instead tested for impairment at least annually.

8. Stock Compensation

To account for stock-based compensation, the Company applies FASB ASC 718, “Compensation—Stock Compensation” (formerly FASB Statement No. 123, “Accounting for Stock-Based Compensation”).

9. Discontinued Operations

Effective from the fiscal year ended March 31, 2010, the Company applies FASB ASC 810, “Consolidation” (formerly FASB Statement No. 160, “Non-controlling Interests in Consolidated Financial Statements—an amendment of ARB No. 51”). In accordance with the application of this ASC, minority interests, which were formerly classified between liabilities and shareholders’ equity in the Consolidated Balance Sheet, are accounted for in net assets as non-controlling interests, and the classifications and line items in the Consolidated Statement of Operations have also been changed. Figures for the previous fiscal year have been retroactively adjusted to reflect the new classifications and line items.

10. FASB Accounting Standards Codification

The Company applies FASB ASC No. 105, “Generally Accepted Accounting Principles” (previously FASB Statement No. 168, “The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles”), as of the fiscal year ending March 31, 2010. This statement establishes the FASB ASC as the sole source of authoritative US Generally Accepted Accounting Principles (U.S. GAAP) recognized by the FASB. Provisions have been changed from the former FASB standard to conform to the FASB ASC.

Notes Related to Consolidated Balance Sheet

1. Accumulated other comprehensive income (loss) includes translation adjustments, unrealized gains on securities, unrealized net gains (losses) on derivatives, and minimum pension liability adjustments.

2. Guarantees

Guaranteed parties

Employees

JPY 5 million

Fm-Kyoto Inc.

JPY 290 million

Total

JPY 295 million

Notes Related to Consolidated Statement of Operations

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

Foreign exchange loss (net):

JPY 723 million

Interest paid:

JPY 650 million

Loss on impairment of investment securities and other assets:

JPY 632 million

Notes Related to Financial Instruments

1. Matters Related to Financial Instruments

The Company limits its fund management to short-term deposits and similar instruments, and raises capital through borrowings from banks and other financial institutions. Investment securities are mainly publicly traded stocks. Long-term debt is principally used as capital for investment in property, plant and equipment. In derivative transactions, the Company enters into foreign exchange forward contracts, currency swaps, and interest rate swaps. The Company does not use derivatives for trading purposes.

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

The amounts recorded on the Consolidated Balance Sheet on March 31, 2010 (the consolidated account settlement date), fair value and differences are as follows.

	Balance Sheet Amount (*)	Fair Value (*)	Difference
(1) Investment securities	33,717	33,717	—
(2) Long-term debt (including current portion)	(21,605)	(21,606)	(1)
(3) Derivatives (net)	(63)	(63)	—

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

Notes:

1. Method of calculation of fair value of financial instruments

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

(2) Investment Securities

Stocks are valued at the quoted market price.

(3) Long-term Debt

Estimated at the discounted present value of future cash flow.

(4) Derivatives

Estimated using dealer transaction prices or valuation models.

2. The fair value of unlisted securities (JPY 4,839 million in the consolidated balance sheet) is difficult to ascertain because they have no market value and their future cash flow cannot be estimated. Therefore, they are not included in (1) Investment securities.

Notes Related to Per-share Data

1. Net income attributable to shareholders per share, basic JPY 15.98

2. Net income attributable to shareholders per share, diluted JPY 15.98

3. Shareholders' equity per share JPY 1,391.41

Note: The dilution effect of stock options is considered, but there was no dilution effect in the year ended March 31, 2010.

Subsequent Events

None applicable.

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(JPY millions)

Item	73rd term (As of March 31, 2010)	(Reference) 72nd term (As of March 31, 2009)	Item	73rd term (As of March 31, 2010)	(Reference) 72nd term (As of March 31, 2009)
	Amount	Amount		Amount	Amount
ASSETS	371,743	360,732	LIABILITIES	150,380	163,319
Current Assets:	113,229	112,492	Current Liabilities:	123,467	113,993
Cash and time deposits	7,409	15,276	Accounts payable	1,551	1,152
Accounts receivable	1,121	1,751	Accounts payable - trade	32,942	23,079
Accounts receivable – trade	53,688	38,591	Short-term borrowings from affiliated companies	34,266	38,705
Securities	25	—	Commercial paper	16,000	31,000
Merchandise	7,215	8,995	Current portion of long-term debt	20,000	—
Materials	3,671	3,701	Lease liabilities	1,868	2,460
Work in process	5,339	6,345	Other payables	5,792	6,004
Supplies	362	399	Accrued expenses	7,367	6,843
Short-term loans receivable	8,372	13,779	Income taxes payable	327	73
Accounts receivable - purchasing	10,791	4,849	Advances received	429	597
Other accounts receivable	5,351	4,074	Deposits received	2,076	903
Accrued income tax refund	4,166	5,565	Reserve for directors' and auditors' bonuses	61	—
Deferred income taxes	5,205	7,756	Other current liabilities	788	3,177
Other current assets	712	1,618	Long-term Liabilities:	26,913	49,326
Allowance for doubtful receivables	(198)	(207)	Long-term debt	—	20,000
Fixed Assets:	258,514	248,240	Lease liabilities	2,574	3,941
Property and equipment:	49,492	51,380	Termination and retirement benefits	21,926	22,916
Buildings	26,148	21,682	Deferred tax liabilities related to revaluation	1,800	1,800
Structures	1,841	1,725	Other long-term liabilities	613	669
Machinery and equipment	1,513	1,529	NET ASSETS	221,363	197,413
Vehicles and delivery equipment	1	1	Shareholders' Equity:	223,151	203,457
Tools, furniture and fixtures	1,948	1,849	Common stock	64,100	64,100
Land	14,665	14,665	Capital surplus	88,771	88,771
Lease assets	2,903	3,819	Additional paid-in capital	88,771	88,771
Construction in progress	473	6,110	Retained earnings	114,725	95,020
Intangible fixed assets:	8,858	9,850	Legal reserve	6,774	6,774
Software	8,858	9,850	Other retained earnings:	107,951	88,246
Investments and other assets:	200,164	187,010	Reserve for dividends	3,400	3,400
Investment securities	33,204	27,623	Reserve for reduction of land assets	—	1,511
Investments in affiliated companies	112,297	111,433	Reserve for replacement of property	—	189
Investments in capital	20,932	14,082	Non-restrictive reserve	73,500	98,500
Long-term advances	50	50	Retained earnings carried forward	31,051	(15,354)
Long-term advances to affiliates	5,765	5,654	Treasury stock	(44,445)	(44,434)
Leasehold deposits	5,124	5,327	Valuation and Translation Adjustment:	(2,081)	(6,315)
Deferred income taxes	27,251	26,558	Net unrealized holding gains on securities	3,191	(458)
Other	1,217	1,983	Deferred hedge loss	(8)	(593)
Allowance for doubtful receivables	(5,676)	(5,700)	Revaluation of land	(5,264)	(5,264)
			New Stock Acquisition Rights	293	271
Total Assets	371,743	360,732	Total Liabilities and Net Assets	371,743	360,732

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

Non-consolidated Statement of Operations

(JPY millions)

Item	73rd term (April 1, 2009 to March 31, 2010)	(Reference) 72nd term (April 1, 2008 to March 31, 2009)
	Amount	Amount
Net sales	221,367	267,092
Cost of sales	152,848	176,587
Gross profit	68,519	90,505
Selling, general and administrative expenses	85,959	107,803
Operating income (loss)	(17,440)	(17,298)
Non-operating income:	36,325	15,737
Interest and dividends received	34,776	9,404
Other non-operating income	1,549	6,333
Non-operating expenses:	2,812	5,834
Interest paid	810	1,428
Discount on sales	538	850
Other non-operating expenses	1,464	3,556
Ordinary income (loss)	16,073	(7,395)
Extraordinary gains:	4,665	200
Gain on sales of property and equipment	4	2
Gain on sales of investment securities	627	70
Transfer pricing taxation adjustment	3,838	—
Other extraordinary gains	196	128
Extraordinary losses:	1,731	22,615
Loss on sales and disposal of property and equipment	445	1,217
Loss on evaluation of investment securities	131	1,276
Loss on evaluation of stocks of affiliated companies	—	8,795
Loss on investment in affiliated companies	875	1,385
Impairment loss	—	7,758
Other extraordinary losses	280	2,184
Income (loss) before income taxes:	19,007	(29,810)
Income, residential and enterprise taxes	(2,697)	(4,097)
Adjustment for income taxes	(1,084)	(6,187)
Net income (loss)	22,788	(19,526)

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

Non-consolidated Statement of Changes in Shareholders' Equity

73rd Term: April 1, 2009 — March 31, 2010

(JPY millions)

	Shareholders' equity									
	Common stock	Capital surplus		Retained earnings						Total retained earnings
				Legal reserve	Other retained earnings					
		Additional paid-in capital	Total capital surplus		Reserve for dividends	Reserve for reduction of land assets	Reserve for replacement of property	Non-restrictive reserve	Retained earnings carried forward	
Balance at March 31, 2009	64,100	88,771	88,771	6,774	3,400	1,511	189	98,500	(15,354)	95,020
Changes during the year ended March 31, 2009										
Dividends paid			—						(3,083)	(3,083)
Net income			—						22,788	22,788
Drawdown of reserve for reduction of land assets			—			(1,511)			1,511	—
Drawdown of reserve for replacement of property			—				(189)		189	—
Drawdown of non-restrictive reserve			—					(25,000)	25,000	—
Acquisition and disposal of treasury stock			—						(0)	(0)
Net change in items other than shareholders' equity during the year			—							—
Total changes during the fiscal year	—	—	—	—	—	(1,511)	(189)	(25,000)	46,405	19,705
Balance at March 31, 2010	64,100	88,771	88,771	6,774	3,400	—	—	73,500	31,051	114,725

	Shareholders' equity		Valuation and translation adjustment				New stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge gain (loss)	Revaluation of land	Total valuation and translation adjustment		
Balance at March 31, 2009	(44,434)	203,457	(458)	(593)	(5,264)	(6,315)	271	197,413
Changes during the year ended March 31, 2009								
Dividends paid		(3,083)				—		(3,083)
Net income		22,788				—		22,788
Drawdown of reserve for reduction of land assets		—				—		—
Drawdown of reserve for replacement of property		—				—		—
Drawdown of non-restrictive reserve		—				—		—
Acquisition and disposal of treasury stock	(11)	(11)				—		(11)
Net change in items other than shareholders' equity during the year		—	3,649	585		4,234	22	4,256
Total changes during the fiscal year	(11)	19,694	3,649	585	—	4,234	22	23,950
Balance at March 31, 2010	(44,445)	223,151	3,191	(8)	(5,264)	(2,081)	293	221,363

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

(Reference) 72nd Term: April 1, 2008 — March 31, 2009

(JPY millions)

	Shareholders' equity									
	Common stock	Capital surplus		Legal reserve	Retained earnings					Total retained earnings
		Additional paid-in capital	Total capital surplus		Other retained earnings					
					Reserve for dividends	Reserve for reduction of land assets	Reserve for replacement of property	Non-restrictive reserve	Retained earnings carried forward	
Balance at March 31, 2008	64,100	88,771	88,771	6,774	3,400	1,511	203	98,500	13,669	124,057
Changes during the year ended March 31, 2009										
Dividends paid			—						(9,507)	(9,507)
Net loss			—						(19,526)	(19,526)
Drawdown of reserve for replacement of property			—				(14)		14	—
Acquisition and disposal of treasury stock			—						(4)	(4)
Net change in items other than shareholders' equity during the year			—							—
Total changes during the fiscal year	—	—	—	—	—	—	(14)	—	(29,023)	(29,037)
Balance at March 31, 2009	64,100	88,771	88,771	6,774	3,400	1,511	189	98,500	(15,354)	95,020

	Shareholders' equity		Valuation and translation adjustment				New stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge gain (loss)	Revaluation of land	Total valuation and translation adjustment		
Balance at March 31, 2008	(41,449)	235,479	5,314	318	(5,264)	368	169	236,016
Changes during the year ended March 31, 2009								
Dividends paid		(9,507)				—		(9,507)
Net loss		(19,526)				—		(19,526)
Drawdown of reserve for replacement of property		—				—		—
Acquisition and disposal of treasury stock	(2,985)	(2,989)				—		(2,989)
Net change in items other than shareholders' equity during the year		—	(5,772)	(911)		(6,683)	102	(6,581)
Total changes during the fiscal year	(2,985)	(32,022)	(5,772)	(911)	—	(6,683)	102	(38,603)
Balance at March 31, 2009	(44,434)	203,457	(458)	(593)	(5,264)	(6,315)	271	197,413

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

Notes to Non-consolidated Financial Statements

Significant Accounting Policies

1. Valuation standards and method for securities

Common stock of subsidiaries and affiliates: Stated at cost using the moving-average method

Other marketable securities:

Securities to which market value applies: Stated at market value based on market prices, etc.
(Valuation gains and losses are fully capitalized, and selling prices are determined by the moving-average method.)

Securities to which market value does not apply: Stated at cost using the moving-average method

2. Derivatives are stated at fair value.

3. Inventories are stated at cost, determined by the first-in, first-out method. Inventories are stated on the balance sheets at book value after adjustment to reflect reduced profitability.

4. Fixed assets are depreciated by the following methods:

Property, plant and equipment (excluding leased assets): Declining balance method (Useful lives of buildings are generally 15-50 years)

Intangible fixed assets (excluding leased assets): Straight-line method (Estimated useful life of software is 3-5 years)

Leased Assets:

Leased assets related to finance lease transactions without ownership transfer: Straight-line method with the lease period as the useful life and zero residual value.

5. Deferred charges are charged to income in their full amount when they are paid or incurred.

6. The allowance for doubtful receivables is established based on the Company's past credit loss experience for ordinary receivables, and evaluation of financial condition for receivables at risk of default and receivables from customers in bankruptcy.

7. The reserve for directors' and auditors' bonuses is provided based on the projected amount required to be paid at the end of the term to cover payment of bonuses to directors and auditors.

8. The allowance for retirement benefits is provided based on the projected amount of pension plan assets and retirement benefit obligations at the end of the term.

Prior service cost is expensed using the straight-line method over fifteen years, based on the average remaining length of service of employees at the time the cost is incurred.

Actuarial gains or losses are expensed using the straight-line method over fifteen years, starting from the year after the occurrence of each proportionally divided amount, based on the average remaining length of service of employees at the time the gain or loss is incurred.

Change in Accounting Policy:

Effective from the year ended March 31, 2010, the Company has adopted the Partial Amendment to Accounting Standards for Retirement Benefits (Part 3) (ASBJ Statement No. 19, July 31, 2008). This change has no effect on the financial statements.

9. Foreign-currency denominated credits and debts are translated to JPY according to spot exchange rates on the balance sheet date. Translation gains or losses are credited or charged to income.

10. The Company uses deferred hedge accounting as its hedge accounting method. Special accounting procedures are used for interest rate swaps that meet certain conditions.

11. Consumption taxes are not included in the Company's financial statements.

12. The Company applies the consolidated taxation system.

13. Change in Accounting Policy

Effective from the year ended March 31, 2010, the Company has adopted the Accounting Standard for Construction Contracts (ASBJ Statement No. 15, December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18, December 27, 2007). This change has no effect on the financial statements.

Notes to Non-consolidated Balance Sheet

1. Accumulated depreciation for property and equipment	JPY 69,288 million
(Note: Includes accumulated impairment loss.)	
2. Guarantees	
Guaranteed parties	
Employees	JPY 5 million
Fm-Kyoto Inc.	JPY 290 million
Total	<u>JPY 295 million</u>
3. Financial Claims and Obligations with Regard to Affiliates	
Short-term credits due from affiliated companies	JPY 45,013 million
Long-term credits due from affiliated companies	JPY 5,765 million
Short-term liabilities due to affiliated companies	JPY 62,296 million
Long-term liabilities due to affiliated companies	JPY 2,632 million

Short-term credits due from affiliated companies include accrued expenses of JPY 3,955 million related to transfer pricing taxation adjustments with overseas subsidiaries based on advance pricing arrangements for transfer pricing.

4. Revaluation of Land

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

Revaluation method:

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

Date of revaluation: March 31, 2002

The difference between the total market value at March 31, 2004, of land used for business operations that was revalued pursuant to Article 10 of the above law, and the total book value of such land after revaluation (the amount of market value less than book value) is JPY 3,798 million.

Notes to Non-consolidated Statement of Operations

Transactions with affiliated companies:

Sales to subsidiaries:	JPY 89,506 million
Purchases from subsidiaries:	JPY 105,867 million
Other transactions:	JPY 15,178 million
Non-operating transactions:	JPY 39,840 million

Non-operating transactions include JPY 3,838 million in transfer pricing taxation adjustments with overseas subsidiaries based on advance pricing arrangements for transfer pricing.

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

1. Number of shares issued and outstanding as of March 31, 2010:

Common stock	239,121,372 shares
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2. Number of shares of treasury stock as of March 31, 2010:

Common stock	18,917,654 shares
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3. Dividends

(1) Dividends paid

Resolution	Total amount paid (JPY millions)	Dividend per share (JPY)	Record date	Effective date
June 23, 2009 General Meeting of Shareholders	1,541	7.00	March 31, 2009	June 24, 2009
October 29, 2009 Board of Directors Meeting	1,541	7.00	September 30, 2009	December 3, 2009

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

Scheduled resolution	Total amount paid (JPY millions)	Dividend per share (JPY)	Record date	Effective date
June 22, 2010 General Meeting of Shareholders	2,202	10.00	March 31, 2010	June 23, 2010

4. Number of shares issued for stock acquisition rights as of March 31, 2010 (excluding those for which the exercise period has not yet begun):

Common stock 659,000 shares

Notes on Tax-Effect Accounting

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

Deferred tax assets

Allowance for doubtful receivables	JPY 2,378 million
Inventories	JPY 2,110 million
Investment securities	JPY 2,141 million
Stock of subsidiaries and affiliates	JPY 10,385 million
Accrued bonuses	JPY 2,092 million
Termination and retirement benefits	JPY 8,990 million
Retirement benefit trust	JPY 2,983 million
Unspecified debt	JPY 1,103 million
Depreciable assets	JPY 3,339 million
Loss carried forward	JPY 8,405 million
Others	<u>JPY 3,568 million</u>
Deferred tax assets, Subtotal	JPY 47,494 million
Valuation Reserve	<u>JPY (11,375 million)</u>
Deferred tax assets, Total	JPY 36,119 million

Deferred tax liabilities

Net unrealized holding gains on securities	JPY 2,218 million
Others	<u>JPY 1,445 million</u>
Deferred tax assets, net	JPY 3,663 million

Net tax assets carried over JPY 32,456 million

Transactions with Related Parties

1. Subsidiaries, affiliates and other related parties

Type	Name	Voting Rights Held by Company (%)	Relationship	Transactions	Value of Transactions (JPY millions)	Accounts	Year-end Balance (JPY millions)
Subsidiary	OMRON Iida Co., Ltd.	Direct ownership, 100%	Product purchases Dispatch of directors	Purchases of automotive electronic equipment and components ¹	28,695	Affiliate accounts payable	4,870
Subsidiary	OMRON Finance Co., Ltd.	Direct ownership, 100%	Loans Equipment rental Dispatch of directors	Loans ^{2,3} Interest payments ² Lease contracts ⁴	16,051 296 959	Affiliate short-term loan Accrued expenses Lease obligations Accounts payable Long-term lease obligations Long-term accounts payable	24,807 19 1,868 37 2,574 58
Subsidiary	OMRON Europe B.V.	Direct ownership, 100%	Product sales Loans Dispatch of directors	Sales of control equipment ¹ Loans ^{2,3} Interest payments ² Transfer pricing taxation adjustments ⁵	13,736 10,769 175 3,838	Accounts receivable Affiliate short-term loan — Accounts receivable	3,910 5,073 — 3,955

Transaction Terms and Relevant Policies

Note: 1. Product selling and purchase prices are determined by referring to market prices and other factors.

2. Loan interest is determined on the basis of market interest rates.

3. Value of transactions is the average month-end amount.

4. The Company decides on lease contracts by negotiation after comparing the submitted quote with quotes obtained from other companies.

5. Prior-year adjustments based on advance pricing arrangements related to transfer pricing.

Per Share Information

1. Net assets per share JPY 1,003.93

2. Net income per share JPY 103.49

Subsequent Event

1. Business Spin-off

Based on a resolution at a Board of Directors meeting held January 28, 2010, OMRON has spun off the automotive electronic components business conducted by its Automotive Electronic Components Company (AEC) into a new company to be established through a corporate split.

(1) Outline of Spin-off

1) Name and Business Description of Affected Business

Name of Business: Automotive electronic components

Business Description: Manufacture and sale of electronic components for automobiles

2) Date of Split-off

May 6, 2010

3) Split Method

This is a simple corporate split in which OMRON is the transferring company and OMRON Automotive Electronics Co., Ltd. is the new company.

4) Name of Assuming Company

OMRON Automotive Electronics Co., Ltd.

5) Summary of Transaction Including Purpose of Transaction

OMRON has been carrying out structural reform across its entire Group. OMRON decided to split off the automotive electronic components business from AEC. The purpose is to improve the profit structure by allowing independent management specializing in the automobile industry in response to the rapid advances in automotive electronics.

(2) Summary of Accounting Methods Used

The transaction was carried out in accordance with accounting for common control transactions based on ASBJ Statement No. 21, "Accounting Standard for Business Combinations," ASBJ Statement No. 7, "Accounting Standard for Business Divestitures," and ASBJ Implementation Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

(3) Estimated Sales of Spun-off Business Recorded in Statement of Operations for the

Year Ended March 31, 2010

JPY 34,205 million

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

No. 1: Dividends

Under Grand Design 2010, its long-term management vision, Omron has set the management objective of maximizing the Company's corporate value over the long term. Appropriate returns to shareholders and growth to expand earnings over the long-term are positioned as management priorities. Accordingly, in order to increase its corporate value, the Company's fundamental policy for distributing profits is to maintain long-term stable dividends, while maintaining a payout ratio of at least 20% of consolidated net income, after securing internal capital resources for essential R&D expenditures, capital investment and other investments in growth. In addition, the Company set a target of 2% for dividends on equity (DOE), defined as return on equity (ROE) multiplied by the payout ratio.

Based on this policy, the Company is committed to steadily and consistently enhancing returns to shareholders. However, given the challenging business conditions brought on by the rapid deterioration of the operating environment beginning in the second half of the previous fiscal year, and the gradual recovery that started in the second half of this fiscal year, the Company plans to pay a year-end dividend of 10 yen per share.

As the Company earlier paid an interim cash dividend of 7 yen per share, total cash dividends for the fiscal year would be 17 yen per share, a decrease of 8 yen from the previous fiscal year.

- (1) Type of dividend assets
Cash
- (2) Item concerning allotment of dividend assets to shareholders and total amount of dividends
10 yen per share of common stock Total amount 2,202,037,180 yen
- (3) Effective date of the dividend
June 23, 2010

No. 2: Election of seven (7) directors

The terms of all seven directors will expire at the close of this General Meeting of Shareholders.

Therefore, the Company requests your election of seven directors.

The director candidates are as follows:

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
1	Mr. Yoshio Tateisi (November 1, 1939)	<p>April 1963 Joined the Company May 1973 Appointed Director June 1976 Appointed Managing Director June 1983 Appointed Senior Managing Director June 1987 Appointed President and Representative Director June 2003 Appointed Chairman and Representative Director (to present)</p> <p><i>Area of responsibility in the Company:</i> Chairman of the BOD</p> <p><i>Significant concurrent positions:</i> Chairman of Kyoto Chamber of Commerce & Industry External Director, West Japan Railway Company External Director, Dainippon Screen Mfg. Co., Ltd.</p>	842,171
2	Mr. Fumio Tateisi (July 6, 1949)	<p>Aug. 1975 Joined the Company June 1997 Appointed Director June 1999 Retired as Director, appointed Managing Officer June 2001 Appointed Senior General Manager, Corporate Strategic Planning HQ June 2003 Appointed Executive President and President of Industrial Automation Business Company June 2008 Appointed Director and Executive Vice Chairman (to present)</p> <p><i>Area of responsibility in the Company:</i> Vice Chairman of CEO Selection Advisory Committee</p>	1,244,714

3	Mr. Hisao Sakuta (September 6, 1944)	<p>April 1968 Joined the Company</p> <p>June 1995 Appointed Director</p> <p>June 1999 Retired as Director, appointed Managing Officer</p> <p>June 2001 Appointed Senior Managing Officer and President of Electronic Components Business Company</p> <p>June 2003 Appointed President and Representative Director (to present)</p> <p><i>Area of responsibility in the Company:</i> President and CEO</p> <p><i>Significant concurrent positions:</i> Chairman, Micromachine Center</p>	66,845
4	Mr. Keiichiro Akahoshi (February 6, 1948)	<p>April 1971 Joined the Company</p> <p>June 1997 Appointed Director</p> <p>June 1999 Retired as Director, appointed Managing Officer</p> <p>June 2001 Appointed Senior Managing Officer and President of Healthcare Business Company</p> <p>July 2003 Appointed President of Omron Healthcare Co., Ltd.</p> <p>June 2008 Appointed Director and Executive Vice President (to present)</p> <p><i>Area of responsibility in the Company:</i> Vice Chairman of Compensation Advisory Committee</p>	24,619
5	Mr. Yutaka Takigawa (November 21, 1947)	<p>July 1973 Joined the Company</p> <p>June 1997 Appointed Director</p> <p>June 1999 Retired as Director, appointed Managing Officer</p> <p>April 2004 Appointed President of Social Systems Solutions Business Company</p> <p>June 2004 Appointed Senior Managing Officer</p> <p>June 2008 Appointed Director and Executive Vice President (to present)</p> <p><i>Area of responsibility in the Company:</i> Vice Chairman of Personnel Advisory Committee</p>	20,117
6	Mr. Kazuhiko Toyama (April 15, 1960)	<p>April 1985 Joined Boston Consulting Group, Inc.</p> <p>April 1986 Established Corporate Direction Co., Ltd.</p> <p>March 1993 Appointed Director of Corporate Direction Co., Ltd.</p> <p>April 2000 Appointed Managing Director of Corporate Direction Co., Ltd.</p> <p>April 2001 Appointed President and Representative Director of Corporate Direction Co., Ltd.</p> <p>April 2003 Appointed COO and Executive Managing Director of Industrial Revitalization Corporation of Japan (IIRC)</p> <p>April 2007 Appointed CEO of Industrial Growth Platform, Inc. (to present)</p> <p>June 2007 Appointed Director of the Company (to present)</p> <p><i>Areas of responsibility in the Company:</i> Chairman of Personnel Advisory Committee, CEO Selection Committee and Corporate Governance Committee</p> <p><i>Significant concurrent positions:</i> CEO and Representative Director, Industrial Growth Platform, Inc. External Director, PIA Corporation External Director, The Asahi Shimbun Company</p>	5,100
7	Mr. Masamitsu Sakurai (January 8, 1942)	<p>April 1966 Joined Ricoh Co., Ltd.</p> <p>May 1984 Appointed Director and President of Ricoh UK Products Ltd.</p> <p>June 1992 Appointed Director of Ricoh Co., Ltd.</p> <p>April 1993 Appointed Director and President of Ricoh Europe B.V.</p> <p>June 1994 Appointed Managing Director of Ricoh Co., Ltd.</p> <p>April 1996 Appointed President and Representative Director of Ricoh Co., Ltd.</p> <p>June 2005 Appointed President and CEO and Representative Director of Ricoh Co., Ltd. (to present)</p> <p>April 2007 Appointed Chairman of the Board and Representative Director of Ricoh Co., Ltd. (to present)</p> <p>June 2008 Appointed Director of the Company (to present)</p>	0

		<p><i>Areas of responsibility in the Company:</i> Chairman of Compensation Advisory Committee and Vice Chairman of Corporate Governance Committee</p> <p><i>Significant concurrent positions:</i> Chairman of the Board and Representative Director of Ricoh Co., Ltd. Chairman of Japan Association of Corporate Executives External Director, Tokio Marine Holdings, Inc. Director, Coca-Cola West Co. Ltd.</p>	
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Notes:

1. Among the director candidates, Kazuhiko Toyama and Masamitsu Sakurai are outside director candidates, and meet the conditions of an independent officer as defined by Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange.
2. Kazuhiko Toyama has served in a number of corporate management positions for many years, and he will reflect his experience and insight as a management expert cultivated through this career in the Company's management. We therefore request his election as an outside director. Mr. Toyama is currently an outside director of the Company, and his term of office as outside director will be three years at the close of this General Meeting. The Company has formed a limited liability agreement with Mr. Toyama that sets the amount of his liability at either 10 million yen or the minimum liability amount prescribed in Article 425-1 of the Corporation Law, whichever is higher. If Mr. Toyama's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
3. Masamitsu Sakurai has abundant experience and broad insight as a manager, and will reflect that in the Company's management. We therefore request his election as an outside director. Mr. Sakurai is currently an outside director of the Company, and his term of office as outside director will be two years at the close of this General Meeting. The Company has formed a limited liability agreement with Mr. Sakurai that sets the amount of his liability at either 10 million yen or the minimum liability amount prescribed in Article 425-1 of the Corporation Law, whichever is higher. If Mr. Toyama's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
4. The number of shares of the Company owned above include the real number of shares held in the name of the Omron Officers' Stock Ownership Plan.

Special Interests with the Company

1. Director candidate Masamitsu Sakurai serves as Chairman of Ricoh Co., Ltd., with which the Company has a business relationship that includes sales of products. However, transactions with the Ricoh Group, which includes Ricoh Co., Ltd., were negligible, accounting for 0.1 percent of consolidated net sales.
2. There are no special interests between the Company and any of the other director candidates.

No. 3: Payment of Bonuses to Directors

Taking into consideration the results for the fiscal year and other factors, the Company is asking shareholders to approve payment of a total of JPY 61,060,000 in bonuses to five directors, excluding outside directors.

The amounts to be paid to each individual director shall be left to the discretion of the Board of Directors.

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