CONVOCATION NOTICE FOR THE 74TH ORDINARY GENERAL MEETING OF SHAREHOLDERS (SUMMARY)

Stock ticker number: 6645
May 31, 2011

Hisao Sakuta
President and Chief Executive Officer

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

Dear Shareholders:

Notice is hereby given that the 74th 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 20, 2011.

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

1. Date: Tuesday, June 21, 2011, 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 74th fiscal year (April 1, 2010 to March 31, 2011)
     2. Contents of the financial documents for the 74th fiscal year (April 1, 2010 to March 31, 2011)
   - B. Proposals
     - No. 1 Dividends from retained earnings
     - No. 2 Election of seven (7) directors
     - No. 3 Election of one (1) corporate auditor
     - No. 4 Election of one (1) alternate corporate auditor
     - No. 5 Payment of bonuses to directors

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

Business Report (Consolidated)

(April 1, 2010 to March 31, 2011)

1. Current State of the Omron Group

(1) Consolidated Results

General Overview

Economic conditions were solid at the beginning of fiscal 2010 (ended March 31, 2011), with factors including the ongoing recovery in capital investment resulting from improvement in corporate performance. However, the Great East Japan Earthquake that occurred near the end of the fiscal year on March 11, 2011 had a profound impact on corporate production activities and logistics. While the earthquake affected the Omron Group in various ways, including constraints on procurement of such items as raw materials and components, which led to curtailed production of certain products and reduced capacity utilization rates, the direct impact of the earthquake on the Omron Group was minor because the Group's main production bases are located outside of the affected area.

Despite these conditions at the end of the period, looking at the Japanese economy for the full fiscal year, capital investment demand was solid because corporate results improved.

As for overseas economies, China and Southeast Asia remained strong, with continued expansion driven by internal demand. The U.S. economy recovered moderately although the unemployment rate remained high. In Europe, overall economic conditions improved despite the worsening financial situation apparent in some countries.

In markets related to the Omron Group, demand for electronic components was strong, primarily for household electrical appliances and automotive electronics. Moreover, capital investment demand was solid, primarily in the semiconductor, electronic component and automotive industries, reflecting rising interest in the environment and energy savings in developed countries, as well as expansion of demand resulting from economic growth in emerging markets.

The Omron Group's net sales for the year ended March 31, 2011 increased 17.7 percent compared with the previous fiscal year to JPY 617,825 million with the recovery of the capital investment environment in the manufacturing industry and the contribution of measures including expansion into emerging markets and introduction of new products, although the impact of the strong yen on currency translation was significant. Operating income increased 267.4 percent compared with the previous fiscal year to JPY 48,037 million as a result of the success of the structural reforms and cost reductions the Omron Group has implemented, together with increased sales in core businesses. Income before income taxes was JPY 41,693 million, and net income attributable to shareholders was JPY 26,782 million.

The average exchange rates for the year ended March 31, 2011 were USD 1 = JPY 85.8 and EUR 1 = JPY 113.5 (7.1 yen and 16.8 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 first quarter, the Omron Group split off the automotive electronic systems and equipment business of the Automotive Electronic Components Business, which was then taken over by newly established OMRON Automotive Electronics Co., Ltd.
In the third quarter, the solar power conditioner business under the control of the Industrial Automation Business was transferred to the Other Businesses segment to further expand this business.
On April 1, 2011, the Social Systems, Solutions and Service Business was split off and transferred to OMRON Social Solutions Co., Ltd., which was established during fiscal 2010.

・Industrial Automation Business

In Japan, the economy has remained on a recovery path since 2009. Sales increased substantially during the first half of the fiscal year, particularly sales of sensors and control equipment, due to the contribution of increased overall capital investment among manufacturers in industries including automobiles and electronic components, as well as the effect of government policies to offer subsidies and preferential tax treatment for eco-friendly vehicles. In the second half, sales were strong with the added factor of increased capital investment in the semiconductor and electronic components industries due to expanding demand for electronic handheld devices, led by smartphones.
Overseas, sales increased substantially in China, where investment in production equipment has continued to increase, reflecting expanding internal demand due to economic stimulus policies. Demand for Omron Group products has expanded since the fourth quarter of fiscal 2009, and sales of low-cost programmable controllers for the Chinese market were strong. Sales were also strong in developed countries, due in part to an improved export environment in Europe as the euro weakened and increased capital investment in the automotive industry in North America. In addition, sales were strong against a background of brisk capital investment centered on manufacturing industries in India, Brazil and other emerging markets.
As a result, segment sales for the fiscal year totaled JPY 271,894 million, an increase of 33.3 percent compared with the previous fiscal year.

・Electronic and Mechanical Components Business

In Japan, sales were solid overall, with strong sales of products for household electrical appliances and automobiles as a result of economic stimulus policies such as the Eco Point system for household electrical appliances and government policies to offer subsidies and preferential tax treatment for eco-friendly vehicles, in addition to factors such as special demand due to an increase in production of air conditioners spurred by hot weather.
Overseas sales were strong in the commerce and consumer equipment industry, mainly for relays and switches for home electronics, with ongoing expansion of demand for household electrical appliances in emerging markets such as China and an increase in demand in Europe and North America for advanced, energy-efficient household electrical appliances, in addition to special demand for increased production of air conditioners due to hot weather in the northern hemisphere. Moreover, in the automotive components industry, sales of automotive relays and switches were strong due to the expansion of automobile production in China and Asia and a marked recovery trend in North America. Sales of other products, including products for energy and environmental equipment industries, were generally firm.
As a result, segment sales for the fiscal year totaled JPY 81,216 million, an increase of 14.8 percent compared with the previous fiscal year.

・Automotive Electronic Components Business

In Japan, sales were solid during the first half of the fiscal year due to the effect of government policies offering subsidies and preferential tax treatment for eco-friendly vehicles. There were concerns about a rebound effect from the end of these programs in the second half of the fiscal year, but sales were firm amid a moderate market recovery, due to strong production of completed and knockdown vehicle production for overseas markets and the compact and light vehicle markets.
Overseas, against the backdrop of a steady recovery in the North American automotive market, sales were solid because of firm production volume among main customers. Moreover, sales were steady in China, India and other emerging economies as the automotive markets there expanded substantially.
As a result, segment sales for the fiscal year totaled JPY 84,259 million, an increase of 12.1 percent compared with the previous fiscal year.

・Social Systems, Solutions and Service Business

In the public transportation systems business, despite a trend toward postponement of investments among railway companies, sales increased substantially with the introduction of new equipment (ticket vending machines and automated ticket gates) and a trend toward expanded investment in security and safety solutions for railway stations. In the traffic and road control systems business, sales were solid because of additional large-scale expressway investment and the finalization of themes for security and safety solutions such as detection of vehicles on expressways going in the wrong direction and pedestrians entering tollgates. In the environmental solutions business, concrete themes have emerged in areas including demonstration tests for the reduction of environmental loading. In the related maintenance business, sales were solid due to expansion of demand for solar power related products and an increase in related installation.

As a result, segment sales for the fiscal year were JPY 63,846 million, an increase of 10.1 percent compared with the previous fiscal year.

・Healthcare Business

In Japan, professional medical equipment for use in hospitals continued to perform well with the successful introduction of new vital sign monitors. Sales of home-use healthcare equipment decreased substantially absent the sharp rise in demand for digital thermometers in the previous fiscal year due to the H1N1 influenza virus, in addition to the impact of hot weather, which reduced customer traffic at stores, and overall sales in Japan were weak.

Overseas, sales were essentially unchanged from the previous fiscal year. In China, a trend toward reduced consumption was apparent due to rapidly increasing prices from the third quarter on, but demand for Omron’s healthcare equipment remained strong, particularly in Russia, the Middle East, Southeast Asia and Central and South America, and demand was higher than in the previous fiscal year in all areas. However, this was offset by the currency translation impact of the strong yen.

As a result, segment sales for the fiscal year were JPY 60,629 million, a decrease of 4.3 percent compared with the previous fiscal year.

・Other

The “Other” segments are in charge of nurturing and strengthening businesses under the direct control of headquarters. The main businesses in this segment are as follows.

In the environmental business, the two core greenhouse gas reduction solutions using systems for visualizing the volume of electricity used (energy-saving business) and solar power condensers (energy-generation business) both performed strongly.

In the electronic systems and equipments business, sales were strong in each of three businesses – the industrial-use computer business, contract manufacturing and development of electronic devices, and the uninterruptible power supply business – as the recovery in customer demand in Japan continued throughout the period.

In the micro devices business, demand decreased in some areas of contract semiconductor manufacturing, but custom integrated circuit demand increased steadily as the economic recovery in emerging markets continued, and sales were unchanged overall.

In the backlight business, demand for mobile phones and digital still cameras decreased in Japan, but growth in demand driven by expansion of the overseas smartphone market overall resulted in solid performance.

As a result, segment sales were JPY 55,981 million, an increase of 4.5 percent compared with the previous fiscal year.

Sales by Division (Consolidated) (OMRON Group)

Division	Amount (JPY millions)	Share of total (%)	Year-on-year comparison (%)
Industrial Automation Business	271,894	44	133
Electronic and Mechanical Components Business	81,216	13	115
Automotive Electronic Components Business	84,259	14	112
Social Systems, Solutions and Service Business	63,846	10	110
Healthcare Business	60,629	10	96
Other Businesses	55,981	9	105
Total	617,825	100	118

Notes: 1. "Other Businesses" includes the environmental business, electronic systems and equipment business, micro devices business and backlight business.

2. From the third quarter ended December 31, 2010, the solar power conditioner business, which had been under the control of the Industrial Automation Business segment, has been transferred to the Other Businesses segment. Figures in segment information for the year ended March 31, 2010 have been restated to reflect the new classifications.

Sales by Division (Non-Consolidated) (OMRON Corporation)

Division	Amount (JPY millions)	Share of total (%)	Year-on-year comparison (%)
Industrial Automation Business	156,849	66	137
Electronic and Mechanical Components Business	19,811	8	64
Automotive Electronic Components Business	3,823	2	11
Social Systems, Solutions and Service Business	29,818	13	119
Other Businesses	26,004	11	154
Total	236,305	100	107

Notes: 1. "Other Businesses" includes the environmental business, electronic systems and equipment business and micro devices business.

2. In the first quarter ended June 30, 2010, the switch business, which had been under the control of the Electronic and Mechanical Components Business, was split off and taken over by OMRON SWITCH & DEVICES Corporation.

3. In the first quarter ended June 30, 2010, the automotive electronics systems and equipment business of the Automotive Electronic Components Business was split off and taken over by the newly established OMRON Automotive Electronics Co., Ltd.

4. From the third quarter ended December 31, 2010, the solar power conditioner business, which had been under the control of the Industrial Automation Business segment, has been transferred to the Other Businesses segment. Figures in segment information for the year ended March 31, 2010 have been restated to reflect the new classifications.

(2) Capital Investment

The Omron Group has been making capital investments centered on investments to increase productivity and expand capacity at manufacturing bases and IT investments implemented as part of its structural reforms. As a result, total capital investment for the period was JPY 23,192 million, an 18.8 percent increase from the previous fiscal year.

(3) Capital Procurement

As of March 31, 2011, the amount of electronic commercial paper issued by the Omron Group increased JPY 29.0 billion from a year earlier to JPY 45.0 billion to repay debt and meet the increase in demand for capital due to the earthquake.

(4) Issues Facing the Company

The Omron Group is implementing measures to fulfill its responsibility to supply products to customers globally during an emergency response period of approximately three months from the occurrence of the Great East Japan Earthquake.
Consequently, the Omron Group aims for medium-to-long-term recovery in business results and profitable growth through quick response to change based on the three policies of (1) overcoming problems in procurement of components and maximizing supply capabilities, (2) expanding global business, and (3) accelerating structural reforms.

(5) Financial Assets and Profit and Loss

Consolidated Financial Position and Operating Results

(JPY millions)

	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)	74th term (April 1, 2010 to March 31, 2011)
Net Sales	762,985	627,190	524,694	617,825
Income (Loss) before Income Taxes	64,166	(39,133)	10,195	41,693
Net Income (Loss) Attributable to Shareholders	42,383	(29,172)	3,518	26,782
Basic Net Income (Loss) Attributable to Shareholders per Share (JPY)	185.89	(132.15)	15.98	121.66
Total Assets	617,367	538,280	532,254	562,790
Shareholders' Equity	368,502	298,411	306,327	312,753
Shareholders' Equity per Share (JPY)	1,662.32	1,355.41	1,391.41	1,421.03
Return on Equity (%)	11.3	(8.7)	1.2	8.7

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" 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.

The Omron Group's net sales for the fiscal year ended March 31, 2011 were significantly impacted by the strong yen. However, with the pickup in capital investment in manufacturing industries, coupled with the implementation of measures including expansion in newly industrialized countries and the rollout of new products, the Omron Group's net sales for the fiscal year increased 17.7 percent compared with the previous fiscal year to JPY 617,825 million. Net income attributable to shareholders was JPY 26,782 billion, and return on equity (ROE) was 8.7%.

Non-Consolidated Financial Position and Operating Results

(JPY millions)

	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)	74th term (April 1, 2010 to March 31, 2011)
Net Sales	332,292	267,092	221,367	236,305
Ordinary Income (Loss)	38,581	(7,395)	16,073	14,129
Net Income (Loss)	31,563	(19,526)	22,788	6,636
Net Income (Loss) per Share (JPY)	138.40	(88.43)	103.49	30.14
Total Assets	382,260	360,732	371,743	397,073
Net Assets	236,016	197,413	221,363	221,914
Net Assets per Share (JPY)	1,063.68	895.24	1,003.93	1,006.74

(6) Principal Subsidiaries

Principal subsidiaries are outlined below.

(As of March 31, 2011)

Name	Capital (JPY millions)	Parent ownership (%)	Principal businesses
OMRON Healthcare Co., Ltd.	5,021	100.0	Healthcare business
OMRON KANSAI-SEIGYO Corporation	310	100.0	Sale of control equipment
OMRON Relay & Devices Corporation	300	100.0	Electronic components business
OMRON Automotive Electronics Co., Ltd.	5,000	100.0	Automotive electronics business
OMRON Field Engineering Co., Ltd.	360	100.0	Design, construction, repair and technical guidance of electrical equipment
OMRON Management Center of America, Inc.	(Thousands of U.S. dollars) 6,890	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

Corporate Results

The Omron Group consists of 152 consolidated subsidiaries and 14 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, 2011)

Division Name		Products and Services
Industrial Automation Business		Targets a wide range of customers in major manufacturing industries worldwide to provide manufacturing support using sensing and control technology that stays ahead of customer needs. Sequence Control Equipment, Programmable Controllers, Motion Controllers, Sensing Devices, Inspection Systems, Safety Devices, Precision Laser Processing Equipment, Control Devices
Electronic and Mechanical Components Business		Provides control components for commercial, consumer and automotive devices, components for mobile devices such as mobile phones, and modules. Relays, Switches, Connectors, Amusement Components and Units, Sensors for Consumers, Components for Printers and Photocopiers, Components for Mobile Equipment, Face Recognition Software
Automotive Electronic Components Business		Conducts design, global production and sales activities specializing in automotive electronics for automobile and automotive electronic component manufacturers throughout the world. Electric Power Steering Controllers, Passive Entry and Push Engine Start Systems, Keyless Entry Systems and other Wireless Devices, Multi-Function Controllers, Power Window Switches, Various Automotive Switches, etc.
Social Systems, Solutions and Service Business		Creates solutions using sensing & control technologies, software and total maintenance services for safer, more secure, and more comfortable communities, and works with customers to contribute to building an optimized society. Railway Station Service Systems, Traffic and Road Management Systems, Card Payment Services, Security and Safety Solutions, Environmental Solutions, Related Maintenance Business
Healthcare Business		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. 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.
Other		The Head Office is directly in charge of businesses for development, expansion and other purposes.
	Environmental Business	Greenhouse Gas Reduction Solutions Business (Power Consumption Monitoring Service, Energy Reduction Consulting Service, etc.), Solar Power Conditioners
	Electronic Systems and Equipment Business	Embedded Computers for Manufacturing Industries, Uninterruptible Power Supplies, OEM Development and Manufacturing of Electronic Equipment
	Micro Devices Business	MEMS Microphone Chips, MEMS Flow Sensors, MEMS Thermal Sensors, RF MEMS Switches, Analog ICs, Contract Chip Manufacturing Service (RF: Radio Frequency, 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, 2011)

Omron	Headquarters (Head Office)	Shimogyo-ku, Kyoto
	Tokyo Head Office (Branch Office)	Minato-ku, Tokyo
	Places of Business	Tokyo Office (Minato-ku, Tokyo), Mishima Office (Mishima, Shizuoka), Nagoya Office (Nishi-ku, Nagoya), 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 Automotive Electronics Co., Ltd. (Komaki, Aichi) OMRON Field Engineering Co., Ltd. (Meguro-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)

(9) Employees

Omron Group Employees

(As of March 31, 2011)

Number of employees	Change from March 31, 2010
35,684	Decrease of 615 employees

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

Parent Company Employees

(As of March 31, 2011)

Number of Employees	Change from March 31, 2010	Average Age	Average Years of Employment with Omron
4,768	Decrease of 365 employees	40 years 6 months	14 years 6 months

(10) Major Lenders

During the fiscal year ended March 31, 2011, the Omron Group raised funds primarily by issuing electronic commercial paper. Consequently, there were no major lenders at the end of the period.

2. Stock Information (As of March 31, 2011)

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

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

(3) Number of Shareholders 31,189

(4) Principal Shareholders (Top Ten Shareholders)

Shareholder	Number (thousands of shares)	Percentage Held (%)
Japan Trustee Services Bank, Ltd. (trust account)	14,201	6.45
The Master Trust Bank of Japan, Ltd. (trust account)	11,109	5.04
State Street Bank & Trust Company 505223	8,577	3.89
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,713	3.50
The Bank of Kyoto, Ltd.	7,069	3.21
Nippon Life Insurance Company	5,501	2.49
RBC Dexia Investor Services Trust, London Lending Account	4,423	2.00
Omron Employee Stock Ownership Plan	3,968	1.80
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	3,896	1.76
Mellon Bank, N.A. As Agent For Its Client Mellon Omnibus US Pension	3,303	1.50

Notes: 1. The percentage of shares is calculated excluding treasury stock.
2. The Company holds 18,984 thousand shares of treasury stock (7.93% of total shares outstanding) but is excluded from the principal shareholders listed above.
3. In September 2010, Fidelity Investments Japan Limited submitted a large shareholding report confirming that two companies in its group held 9,587 thousand shares of the Company's stock as of August 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	90	36	360	460 (13)	25,395	26,342	—
Number of shares owned (units)	194	791,130	8,378	131,650	888,409 (36)	568,115	2,387,876	333,772 shares
Percent of total (%)	0.01	33.13	0.35	5.51	37.21 (0.00)	23.79	100.00	—

Notes: 1. Of the 18,983,904 shares of treasury stock in the shareholder register as of March 31, 2011, 18,983,900 shares are included in the "Individuals and Others" column, and 4 shares are included in "Odd-Lot Shares."
2. The "Other Domestic Companies" column above includes 2 units of stock in the name of the Japan Securities Depository Center, Inc.

3. Stock Acquisition Rights of the Company

(1) Stock Acquisition Rights Held by Directors of the Company as of March 31, 2011

Date granted	July 11, 2006	July 10, 2007
Number of holders Directors of the Company (excluding external directors)	4	5
Number of stock acquisition rights	750	800
Type of shares subject to the stock acquisition rights	Common shares	Common shares
Number of shares subject to the stock acquisition rights	75,000	80,000
Amount paid for stock acquisition rights (per share)	JPY 539	JPY 744
Value of assets to be paid upon exercise of the stock acquisition rights (per share)	JPY 3,031	JPY 3,432
Main terms and conditions for exercise of stock acquisition rights	(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, 2011

No stock acquisition rights were granted during the fiscal year ended March 31, 2011.

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, 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 Chairman of CEO Selection Advisory Committee Chairman of Corporate Governance Committee CEO and Representative Director, Industrial Growth Platform, Inc. External Director, PIA Corporation External Director, The Asahi Shimbun Company
Director	Masamitsu Sakurai	Chairman of Compensation Advisory Committee Vice Chairman of Corporate Governance Committee Chairman of the Board and Representative Director of Ricoh Co., Ltd. Chairman of Japan Association of Corporate Executives Chairman of The New Technology Development Foundation Director, Coca-Cola West Co. Ltd. External Director, Yamaha Motor Co. Ltd.
Corporate Auditor	Soichi Yukawa	
Corporate Auditor	Satoshi Ando	
Corporate Auditor	Hidero Chimori	Senior Partner, 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. External Director, kabu.com Securities Co., Ltd. External Director, Miroku Joho Service Co., Ltd.

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, and corporate auditors Satoshi Ando, 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 concurrently serves as Chairman of the Board and representative director of Ricoh Co., Ltd., with which the Company has a business relationship that includes sales of products. However, it is not a "significant transaction partner" stipulated as a reason for disqualification in the Company's Eligibility Requirements for External Directors (see note below).
5. There are no special relationships between the Company 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.

Note: Significant transaction partners are companies that have business transactions with the Omron Group in which the amount paid or received in the transactions constitutes 2% or more of the consolidated net sales of the Omron Group or the transaction partner.

(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.

For the compensation of directors and corporate auditors, the Compensation Advisory Committee is consulted and discusses the compensation of each individual, then 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 personnel 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 (*).
  - The Company shall provide base salaries sufficient to recruit (hire) outstanding personnel.
  - 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 attributable to shareholders 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 a base salary (monthly salary only) sufficient to ensure recruitment (hiring) of excellent personnel.
– 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 millions)	Bonuses (JPY millions)	Aggregate Compensation (JPY millions)
Directors External directors:	7 [2]	367 [21]	200 [—]	567 [21]
Corporate auditors External corporate auditors:	4 [3]	82 [49]	— [—]	82 [49]
Total External officers included in total:	11 [5]	449 [70]	200 [—]	649 [70]

Notes:

1. 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.
2. The above base compensation of directors includes the amount paid as stock compensation to directors, excluding external directors.
3. 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.
4. In addition to the above, one external corporate auditor of the Company was paid JPY 180,000 as compensation from a subsidiary where he concurrently serves as a corporate auditor.
5. 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 all 15 of the 15 Board of Directors meetings held during the period (including 13 of the 13 regular meetings), and made statements as necessary mainly from his perspective as a manager with abundant experience.
	Masamitsu Sakurai	Attended 13 of the 15 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.
External Corporate Auditors	Satoshi Ando	Attended all 15 of the 15 Board of Directors meetings (including 13 of the 13 regular meetings) and all 12 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 all 15 of the 15 Board of Directors meetings (including 13 of the 13 regular meetings) and all 12 Board of Corporate Auditors meetings held during the period, and made statements as necessary mainly from a specialist's viewpoint as an attorney.
	Eisuke Nagatomo	Attended all 15 of the 15 Board of Directors meetings (including 13 of the 13 regular meetings) and all 12 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

(2) Amount of Compensation of Independent Auditors for the Fiscal Year Ended March 31, 2011

1)	Total amount of compensation to be paid to the independent auditor by the Company and its subsidiaries	JPY 194 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 180 million
3)	Of the total amount in 2), amount of compensation as independent auditor to be paid by the Company	JPY 138 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 various advisory and other services 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 to 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-integrity 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, 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 exclusion 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 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 Internal Audit Manager is invited to meetings of the Board of Corporate Auditors and makes internal audit reports.

(4) A majority 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	74th term (As of March 31, 2011)	(Reference) 73rd term (As of March 31, 2010)	Item	74th term (As of March 31, 2011)	(Reference) 73rd term (As of March 31, 2010)
ASSETS			**LIABILITIES**		
Current Assets:	**327,890**	**285,758**	**Current Liabilities:**	**181,432**	**155,562**
Cash and cash equivalents	74,735	51,726	Short-term debt	45,519	16,612
Notes and accounts receivable — trade	137,531	126,250	Notes and accounts payable — trade	77,836	68,874
Allowance for doubtful receivables	(2,230)	(2,531)	Accrued expenses	29,414	25,891
Inventories	86,151	77,655	Income taxes payable	2,188	2,710
Deferred income taxes	20,183	19,988	Other current liabilities	26,244	21,160
Other current assets	11,520	12,670	Current portion of long-term debt	231	20,315
Property, Plant and Equipment:	**119,998**	**122,994**	**Long-Term Debt**	**849**	**1,290**
Land	27,875	26,376	**Deferred Income Taxes**	**697**	**886**
Buildings	125,686	127,344			
Machinery and equipment	136,792	140,200	**Termination and Retirement Benefits**	**65,485**	**66,964**
Construction in progress	6,836	2,733	**Other Long-Term Liabilities**	**675**	**417**
Accumulated depreciation	(177,191)	(173,659)	Total Liabilities	249,138	225,119
Investments and Other Assets:	**114,902**	**123,502**			
			NET ASSETS		
Investments in and advances to associates	13,521	13,637	**Shareholders' Equity:**	**312,753**	**306,327**
Investment securities	35,694	38,556	**Common stock**	**64,100**	**64,100**
Leasehold deposits	7,126	7,452	**Capital surplus**	**99,081**	**99,081**
Deferred income taxes	42,190	45,737	**Legal reserve**	**9,574**	**9,363**
Other	16,371	18,120	**Retained earnings**	**250,824**	**230,859**
			Accumulated other comprehensive income (loss):	**(66,227)**	**(52,614)**
			Foreign currency translation adjustments	(34,046)	(23,678)
			Minimum pension liability adjustments	(38,736)	(36,553)
			Net unrealized gains on available-for-sale securities	6,570	7,684
			Net gains (losses) on derivative instruments	(15)	(67)
			Treasury stock	**(44,599)**	**(44,462)**
			Noncontrolling Interests	**899**	**808**
			Total net assets	313,652	307,135
Total Assets	**562,790**	**532,254**	**Total Liabilities and Net Assets**	**562,790**	**532,254**

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

Consolidated Statement of Operations

(JPY millions)

Item	74th term (April 1, 2010 to March 31, 2011)	(Reference) 73rd term (April 1, 2009 to March 31, 2010)
Net sales	617,825	524,694
Cost of sales	386,123	340,352
Gross profit	231,702	184,342
Selling, general and administrative expenses	142,365	133,426
Research and development expenses	41,300	37,842
Other expenses, net	6,344	2,879
Income before income taxes	41,693	10,195
Income taxes	14,487	3,782
Current	9,113	4,812
Deferred	5,374	(1,030)
Equity in net losses (gains) of affiliates	190	2,792
Net income	27,016	3,621
Net loss (income) attributable to noncontrolling interests	234	103
Net income attributable to shareholders	26,782	3,518

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

(Reference)

Consolidated Statements of Comprehensive Income (Loss)

(JPY millions)

	74th term (April 1, 2010 to March 31, 2011)	73rd term (April 1, 2009 to March 31, 2010)
Net income	27,016	3,621
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	(10,390)	(1,400)
Pension liability adjustments	(2,183)	4,017
Net unrealized gains (losses) on available-for-sale securities	(1,114)	4,921
Net gains on derivative instruments	52	551
Other comprehensive income (loss)	(13,635)	8,089
Comprehensive income	13,381	11,710
(Breakdown)		
Comprehensive income attributable to noncontrolling interests	212	62
Comprehensive income attributable to shareholders	13,169	11,648

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	Noncontrolling interests	Total net assets
(Reference)									
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 noncontrolling interests								(762)	(762)
Capital and other transactions with noncontrolling 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
Net income				26,782			26,782	234	27,016
Cash dividends				(6,605)			(6,605)		(6,605)
Dividends to noncontrolling interests								(0)	(0)
Capital and other transactions with noncontrolling interests								(121)	(121)
Transfer to legal reserve			211	(211)			—		—
Foreign currency translation adjustments					(10,368)		(10,368)	(22)	(10,390)
Minimum pension liability adjustments					(2,183)		(2,183)		(2,183)
Unrealized losses on available-for-sale securities					(1,114)		(1,114)		(1,114)
Net gains on derivative instruments					52		52		52
Acquisition of treasury stock						(140)	(140)		(140)
Sale of treasury stock		(0)		(1)		3	2		2
Balance, end of the 74th term	64,100	99,081	9,574	250,824	(66,227)	(44,599)	312,753	899	313,652

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

(Reference)

Consolidated Statement of Cash Flows

(JPY millions)

Item	74th term (April 1, 2010 to March 31, 2011)	73rd term (April 1, 2009 to March 31, 2010)
I Cash Flows from Operating Activities:		
1. Net income	27,016	3,621
2. Adjustments to reconcile net income to net cash provided by operating activities:		
(1) Depreciation and amortization	22,984	27,014
(2) Net loss on sales and disposals of property, plant and equipment	606	558
(3) Loss on impairment of property, plant and equipment	413	217
(4) Net gain on sales of investment securities	(7)	(636)
(5) Loss on impairment of investment securities and other assets	805	632
(6) Termination and retirement benefits	(4,785)	(5,110)
(7) Deferred income taxes	5,374	(1,031)
(8) Equity in loss of affiliates	190	2,792
(9) Changes in assets and liabilities	(10,122)	14,841
(10) Other, net	(518)	(139)
Total adjustments	14,940	39,138
Net cash provided by operating activities	41,956	42,759
II Cash Flows from Investing Activities:		
1. Capital expenditures	(21,647)	(20,792)
2. Proceeds from sales or maturities of investment securities	109	1,004
3. Other, net	1,328	1,204
Net cash used in investing activities	(20,210)	(18,584)
III Cash Flows from Financing Activities:		
1. Net proceeds (repayments) of interest-bearing debt	8,755	(16,501)
2. Dividends paid	(5,285)	(3,845)
3. Acquisition of treasury stock	(140)	(13)
4. Sale of treasury stock	3	1
Net cash provided by (used in) financing activities	3,333	(20,358)
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	(2,070)	1,278
Net Increase in Cash and Cash Equivalents	23,009	5,095
Cash and Cash Equivalents at Beginning of the Period	51,726	46,631
Cash and Cash Equivalents at End of the Period	74,735	51,726

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. Scope of Consolidation
   The consolidated financial statements include the accounts of the Company and all of its 152 subsidiaries.

2. Application of Equity Method
   Investments in all of the Company's 14 affiliated companies are accounted for using the equity method.

3. 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.

4. 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

5. 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."

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.)

6. 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," assets with indefinite useful lives are not amortized but are tested for impairment at least annually.)

7. 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.
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." 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).

8. Accounting Treatment of Consumption Taxes
Consumption taxes and local consumption taxes are excluded from accounting.

9. Goodwill
The Company accounts for goodwill in accordance with FASB ASC 350, “Intangibles – Goodwill and Other,” which requires that goodwill no longer be amortized, but instead tested for impairment at least annually.

10. Stock Compensation
To account for stock-based compensation, the Company applies FASB ASC 718, “Compensation—Stock Compensation.”

Notes Related to Consolidated Balance Sheet

Guarantees

Guaranteed parties	
Employees	JPY 6 million
Fm-Kyoto Inc.	JPY 240 million
Total	JPY 246 million

Notes Related to Consolidated Statement of Operations

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

Product quality expenses	JPY 2,874 million
Foreign exchange loss (net)	JPY 2,102 million
Loss on impairment of investment securities and other assets	JPY 805 million
Interest paid	JPY 481 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, 2011 (the consolidated account settlement date), fair value and differences are as follows.

(JPY millions)

	Balance Sheet Amount (*)	Fair Value (*)	Difference
(1) Investment securities	31,204	31,204	—
(2) Derivatives (net)	(170)	(170)	—

(*) 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
   The fair value of long-term debt is estimated at the discounted present value of future cash flow, and is estimated to be essentially equivalent to the balance sheet amounts.
   (4) Derivatives
   Estimated using dealer transaction prices or valuation models.
2. The fair value of unlisted securities (JPY 4,489 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 121.66
2. Net income attributable to shareholders per share, diluted JPY 121.66
3. Shareholders' equity per share JPY 1,421.03

Note: The dilution effect of stock options is considered, but there was no dilution effect in the year ended March 31, 2011.

Subsequent Events

None applicable.

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(JPY millions)

Item	74th term (As of March 31, 2011)	(Reference) 73rd term (As of March 31, 2010)	Item	74th term (As of March 31, 2011)	(Reference) 73rd term (As of March 31, 2010)
ASSETS	**397,073**	**371,743**	**LIABILITIES**	**175,159**	**150,380**
Current Assets:	**137,710**	**113,229**	**Current Liabilities:**	**150,953**	**123,467**
Cash and time deposits	28,167	7,409	Accounts payable	1,475	1,551
Accounts receivable	2,243	1,121	Accounts payable - trade	24,070	32,942
Accounts receivable – trade	46,257	53,688	Short-term borrowings from		
Securities	25	25	affiliated companies	54,004	34,266
Merchandise	7,854	7,215	Commercial paper	45,000	16,000
Materials	3,580	3,671	Current portion of long-term debt	—	20,000
Work in process	5,042	5,339	Lease liabilities	1,400	1,868
Supplies	358	362	Other payables	11,980	5,792
Short-term loans receivable	25,412	8,372	Accrued expenses	9,162	7,367
Accounts receivable - purchasing	5,592	10,791	Income taxes payable	312	327
Other accounts receivable	4,090	5,351	Advances received	243	429
Accrued income tax refund	1,329	4,166	Deposits received	1,328	2,076
Deferred income taxes	6,805	5,205	Provision for officers' bonuses	200	61
Other current assets	1,151	712	Other current liabilities	1,779	788
Allowance for doubtful receivables	(195)	(198)	**Long-term Liabilities:**	**24,206**	**26,913**
			Lease liabilities	1,909	2,574
Fixed Assets:	**259,363**	**258,514**	Termination and retirement		
Property and equipment:	**46,030**	**49,492**	benefits	19,649	21,926
Buildings	24,128	26,148	Deferred tax liabilities related to		
Structures	1,653	1,841	revaluation	1,800	1,800
Machinery and equipment	1,070	1,513	Other long-term liabilities	848	613
Vehicles and delivery equipment	3	1			
Tools, furniture and fixtures	1,413	1,948	**NET ASSETS**	**221,914**	**221,363**
Land	14,160	14,665	**Shareholders' Equity:**	**224,366**	**223,151**
Lease assets	2,348	2,903	**Common stock**	**64,100**	**64,100**
Construction in progress	1,255	473	**Capital surplus**	**88,771**	**88,771**
Intangible fixed assets:	**7,995**	**8,858**	Additional paid-in capital	88,771	88,771
Software, etc.	7,995	8,858	**Retained earnings**	**116,076**	**114,725**
Investments and other assets:	**205,338**	**200,164**	Legal reserve	6,774	6,774
Investment securities	30,480	33,204	Other retained earnings:	109,302	107,951
Investments in affiliated companies	123,874	112,297	Reserve for dividends	3,400	3,400
Investments in capital	20,918	20,932	Non-restrictive reserve	73,500	73,500
Long-term advances	50	50	Retained earnings carried		
Long-term advances to affiliates	3,606	5,765	forward	32,402	31,051
Leasehold deposits	4,707	5,124	**Treasury stock**	**(44,581)**	**(44,445)**
Deferred income taxes	22,452	27,251	**Valuation and Translation**		
Other	1,452	1,217	**Adjustments:**	**(2,745)**	**(2,081)**
Allowance for doubtful receivables	(2,201)	(5,676)	Net unrealized holding gains on		
			securities	2,631	3,191
			Deferred hedge loss	(112)	(8)
			Revaluation of land	(5,264)	(5,264)
			New Stock Acquisition Rights	**293**	**293**
Total Assets	**397,073**	**371,743**	**Total Liabilities and Net Assets**	**397,073**	**371,743**

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

Non-consolidated Statement of Operations

(JPY millions)

Item	74th term (April 1, 2010 to March 31, 2011)	(Reference) 73rd term (April 1, 2009 to March 31, 2010)
Net sales	**236,305**	**221,367**
Cost of sales	144,240	152,848
Gross profit	**92,065**	**68,519**
Selling, general and administrative expenses	86,830	85,959
Operating income (loss)	**5,235**	**(17,440)**
Non-operating income:	**11,375**	**36,325**
Interest and dividends received	9,274	34,776
Other non-operating income	2,101	1,549
Non-operating expenses:	**2,481**	**2,812**
Interest paid	610	810
Discount on sales	715	538
Product quality expenses	721	—
Other non-operating expenses	435	1,464
Ordinary income (loss)	**14,129**	**16,073**
Extraordinary gains:	**61**	**4,665**
Gain on sales of property and equipment	13	4
Gain on sales of investment securities	21	627
Transfer pricing taxation adjustment	—	3,838
Other extraordinary gains	27	196
Extraordinary losses:	**5,634**	**1,731**
Loss on sales and disposal of property and equipment	335	445
Loss on evaluation of investment securities	1,535	131
Loss on evaluation of stocks of affiliated companies	675	—
Loss on investment in affiliated companies	28	875
Impairment loss	2,606	—
Other extraordinary losses	455	280
Income (loss) before income taxes:	**8,556**	**19,007**
Income, residential and enterprise taxes	(1,741)	(2,697)
Adjustment for income taxes	3,661	(1,084)
Net income (loss)	**6,636**	**22,788**

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

Non-consolidated Statement of Changes in Shareholders' Equity

74th Term: April 1, 2010 — March 31, 2011

(JPY millions)

	Shareholders' equity							
	Common stock	Capital surplus		Retained earnings				
				Legal reserve	Other retained earnings			Total retained earnings
		Additional paid-in capital	Total capital surplus		Reserve for dividends	Non-restrictive reserve	Retained earnings carried forward	
Balance at March 31, 2010	64,100	88,771	88,771	6,774	3,400	73,500	31,051	114,725
Changes during the year ended March 31, 2011								
Dividends paid			—				(5,285)	(5,285)
Net income			—				6,636	6,636
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	—	—	—	—	—	—	1,351	1,351
Balance at March 31, 2011	64,100	88,771	88,771	6,774	3,400	73,500	32,402	116,076

	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, 2010	(44,445)	223,151	3,191	(8)	(5,264)	(2,081)	293	221,363
Changes during the year ended March 31, 2011								
Dividends paid		(5,285)				—		(5,285)
Net income		6,636				—		6,636
Acquisition and disposal of treasury stock	(136)	(136)				—		(136)
Net change in items other than shareholders' equity during the year		—	(560)	(104)		(664)	—	(664)
Total changes during the fiscal year	(136)	1,215	(560)	(104)	—	(664)	—	551
Balance at March 31, 2011	(44,581)	224,366	2,631	(112)	(5,264)	(2,745)	293	221,914

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

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

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

(JPY millions)

	Shareholders' equity									
		Capital surplus		Retained earnings						
					Other retained earnings					
	Common stock	Additional paid-in capital	Total capital surplus	Legal reserve	Reserve for dividends	Reserve for reduction of land assets	Reserve for replacement of property	Non-restrictive reserve	Retained earnings carried forward	Total retained earnings
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, 2010										
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, 2010								
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.

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.

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, 2011, the Company has adopted "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21). This change has no effect on the financial statements.

Notes to Non-consolidated Balance Sheet

1. Accumulated depreciation for property and equipment JPY 68,357 million
   (Note: Includes accumulated impairment loss.)

2. Guarantees

Guaranteed parties	
Employees	JPY 6 million
Fm-Kyoto Inc.	JPY 240 million
Total	JPY 246 million

3. Financial Claims and Obligations with Regard to Affiliates

Short-term credits due from affiliated companies	JPY 51,664 million
Long-term credits due from affiliated companies	JPY 3,606 million
Short-term liabilities due to affiliated companies	JPY 75,667 million
Long-term liabilities due to affiliated companies	JPY 1,968 million

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, 2011, 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 3,947 million.

Notes to Non-consolidated Statement of Operations

1. Transactions with affiliated companies:

Sales to subsidiaries:	JPY 99,894 million
Purchases from subsidiaries:	JPY 85,906 million
Other transactions:	JPY 18,051 million
Non-operating transactions:	JPY 10,869 million

2. Impairment losses

The Company wrote down the value of certain manufacturing equipment for semiconductor-related products to the recoverable value, and accounted for the amount of the reduction as an impairment loss of JPY 317 million in Other extraordinary losses.

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

1. Number of shares issued and outstanding as of March 31, 2011:

Common stock	239,121,372 shares

2. Number of shares of treasury stock as of March 31, 2011:
Common stock 18,983,904 shares

3. Dividends
(1) Dividends paid

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
October 27, 2010 Board of Directors Meeting	3,083	14.00	September 30, 2010	December 2, 2010

(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 21, 2011 General Meeting of Shareholders	3,522	16.00	March 31, 2011	June 22, 2011

4. Number of shares issued for stock acquisition rights as of March 31, 2011 (excluding those for which the exercise period has not yet begun):
Common stock 454,000 shares

Notes on Tax-Effect Accounting

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

Deferred tax assets	
Allowance for doubtful receivables	JPY 1,053 million
Inventories	JPY 1,590 million
Investment securities	JPY 2,658 million
Stock of subsidiaries and affiliates	JPY 11,886 million
Accrued bonuses	JPY 2,818 million
Termination and retirement benefits	JPY 8,056 million
Retirement benefit trust	JPY 3,026 million
Unspecified debt	JPY 2,453 million
Depreciable assets	JPY 2,530 million
Loss carried forward	JPY 5,162 million
Others	JPY 3,751 million
Deferred tax assets, Subtotal	JPY 44,983 million
Valuation Reserve	JPY (12,912 million)
Deferred tax assets, Total	JPY 32,071 million
Deferred tax liabilities	
Net unrealized holding gains on securities	JPY 1,829 million
Others	JPY 985 million
Deferred tax assets, net	JPY 2,814 million
Net tax assets carried over	JPY 29,257 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%	Borrowing Dispatch of directors	Borrowing[1] Payment of interest[3]	4,677 5	Affiliate short-term loan Accrued expenses	4,168 3
Subsidiary	OMRON Relay and Device Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of directors	Borrowing[1] Payment of interest[3]	7,932 8	Affiliate short-term loan Accrued expenses	8,412 4
Subsidiary	OMRON Field Engineering Co., Ltd.	Direct ownership, 100%	Borrowing Dispatch of directors	Borrowing[1] Payment of interest[3]	6,303 6	Affiliate short-term loan Accrued expenses	6,570 3
Subsidiary	OMRON SWITCH & DEVICES Corporation	Direct ownership, 100%	Borrowing Dispatch of directors	Borrowing[1] Payment of interest[3]	5,405 6	Affiliate short-term loan Accrued expenses	5,566 3
Subsidiary	OMRON Finance Co., Ltd.	Direct ownership, 100%	Borrowing Lending Dispatch of directors	Borrowing[4] Payment of interest[3] Lending[2] Receipt of interest[3]	23,190 171 10,856 14	— — Affiliate short-term loan Accounts receivable	— — 10,828 8
Subsidiary	OMRON Management Center of America, Inc.	Direct ownership, 100%	Borrowing Dispatch of directors	Borrowing[4] Payment of interest[3]	4,541 36	Affiliate short-term loan —	4,368 —

Transaction Terms and Relevant Policies

Notes: 1. For borrowing of funds the parties enter into a contract using the pooling service of The Bank of Tokyo-Mitsubishi UFJ, Ltd., and funds are borrowed if the daily account balance of the concerned parties is JPY 1 or more. Borrowing and lending amounts are the average of the ending monthly balance for the relevant period (negative balance in the case of lending).

2. For lending of funds, the parties enter into a contract using the pooling service of The Bank of Tokyo-Mitsubishi UFJ, Ltd., and funds are lent if the daily account balance of the concerned parties is JPY 0 or less. Borrowing and lending amounts are the average of the ending monthly balance for the relevant period (negative balance in the case of lending).

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

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

Per Share Information

1. Net assets per share JPY 1,006.74
2. Net income per share JPY 30.14

Business Combinations and Business Divestitures

1. Business Spin-off

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

(1) Overview of Spin-off

1) Name and Business Description of Affected Business
Name of Business: Automotive electronic systems and components
Business Description: Manufacture and sale of electronic components for automobiles

2) Date of Spin-off
May 6, 2010

3) Spin-off Method
A simple corporate split in which the Company 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
The Company has been carrying out structural reform across its entire Group. The Company decided to split off the automotive electronic systems and 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) Name of Classification Including the Spun-off Business in Presentation of Segment Information

Automotive Electronic Component Business

(4) Estimated Sales of Spun-off Business Recorded in Statement of Operations for the Year Ended March 31, 2011

JPY 3,823 million

Subsequent Event

1. Business Spin-off

Based on a resolution at a Board of Directors meeting held January 28, 2011, the Company transferred the social systems business operations conducted by its Social Systems, Solutions and Service Business (SSB) to its wholly owned subsidiary OMRON Social Solutions Co., Ltd. through an absorption-type split on April 1, 2011.

(1) Name and Business Description of Affected Business, Date of Spin-off, Spin-off Method, Name of Assuming Company, and Summary of Transaction including Purpose of Transaction

1) Name and Business Description of Affected Business
Name of Business: Social systems business
Business Description: Manufacture, sale, repair, and maintenance of railway-related systems (ticket gates and ticket vending machines, etc.) and road traffic-related systems (traffic control systems, etc.)

2) Date of Spin-off
April 1, 2011

3) Spin-off method
This is an absorption-type split in which the Company is the divesting company and its

wholly-owned subsidiary OMRON Social Solutions Co., Ltd. is the assuming company. The Company implemented the spin-off through a simple corporate split according to the provisions of Article 784-3 of the Corporate Law of Japan, without seeking shareholder approval at a general meeting of shareholders, as the spin-off satisfies the requirements of the said Article.

4) Name of Assuming Company
   OMRON Social Solutions Co., Ltd.
5) Summary of Transaction Including Purpose of Transaction
   The Company has been carrying out structural reform across its entire Group. In the social systems business, safety and security related needs have expanded rapidly in recent years, in addition to the conventional needs of improved convenience and efficiency. The Company judged that more flexible control of management resources and swift decision making would be vital in order to accurately embrace this change in the business environment as a growth opportunity. Therefore, the Company decided to split off the social systems business from SSB for the purpose of improving the profit structure by allowing independent management specializing in this industry.

(2) Summary of Accounting Methods Used

The transaction was carried out in accordance with accounting for common control transactions based on ASBJ Statement No. 7, “Accounting Standard for Business Divestitures,” ASBJ Statement No. 21, “Accounting Standard for Business Combinations,” 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, 2011

JPY 29,818 million

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and Reference Items

No. 1: Dividends from retained earnings

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. Specifically, 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 to increase its corporate value. In addition, the Company has 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, and plans to pay a year-end dividend of JPY 16 per share.

As the Company earlier paid an interim cash dividend of JPY 14 per share, total cash dividends for the fiscal year would be JPY 30 per share, an increase of JPY 13 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:
JPY 16 per share of common stock. Total amount JPY 3,522,199,488

(3) Effective date of the dividend:
June 22, 2011

No. 2: Election of seven (7) directors

The terms of all seven directors will expire at the close of this General Meeting of Shareholders. As three of the directors will be retiring, three new directors will be elected at the meeting to take their place.

The Company therefore requests the election of seven (7) directors, including three (3) new 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. Hisao Sakuta (September 6, 1944)	April 1968 Joined the Company June 1995 Appointed Director June 1999 Retired as Director, appointed Managing Officer and General Manager of Management Strategy HQ June 2001 Appointed Senior Managing Officer and President of Electronic Components Business Company June 2003 Appointed President and Representative Director (to present) *Area of responsibility in the Company:* President and CEO *Significant concurrent positions:* Chairman, Micromachine Center	72,756
2	Mr. Fumio Tateisi (July 6, 1949)	Aug. 1975 Joined the Company June 1997 Appointed Director June 1999 Retired as Director, appointed Managing Officer June 2001 Appointed Senior General Manager of Corporate Strategic Planning HQ June 2003 Appointed Executive Vice President and President of Industrial Automation Business Company June 2008 Appointed Director and Executive Vice Chairman (to present) *Area of responsibility in the Company:* Vice Chairman of CEO Selection Advisory Committee	1,242,629
3	Mr. Yoshihito Yamada* (November 30, 1961)	April 1984 Joined the Company	7,072

		June 2008 Appointed Executive Officer and President and Representative Director of OMRON Healthcare Co., Ltd. March 2010 Appointed Senior General Manager of Corporate Strategic Planning HQ June 2010 Appointed Managing Officer (to present)	
4	Mr. Yoshinobu Morishita* (September 22, 1949)	April 1972 Joined the Company June 2003 Appointed Executive Officer and General Manager of Sensing Device Department, Industrial Automation Business Company June 2006 Appointed Managing Officer March 2008 Appointed President of Industrial Automation Business Company June 2008 Appointed Senior Managing Officer (to present)	17,751
5	Mr. Akio Sakumiya* (September 10, 1952)	April 1975 Joined the Company June 2003 Appointed Executive Officer and President of OMRON Ichinomiya Co., Ltd. (now OMRON Amusement Co., Ltd.) March 2009 Appointed President of Electronic Components Business Company June 2010 Appointed Managing Officer (to present)	12,294
6	Mr. Kazuhiko Toyama (April 15, 1960)	April 1985 Joined Boston Consulting Group, Inc. April 1986 Established Corporate Direction Co., Ltd. March 1993 Appointed Director of Corporate Direction Co., Ltd. April 2000 Appointed Managing Director of Corporate Direction Co., Ltd. April 2001 Appointed President and Representative Director of Corporate Direction Co., Ltd. April 2003 Appointed COO, Representative Director and Executive Managing Director of Industrial Revitalization Corporation of Japan (IIRC) April 2007 Appointed CEO and Representative Director of Industrial Growth Platform, Inc. (to present) June 2007 Appointed Director of the Company (to present) *Areas of responsibility in the Company:* Chairman of Personnel Advisory Committee Chairman of CEO Selection Committee Chairman of Corporate Governance Committee *Significant concurrent positions:* CEO and Representative Director, Industrial Growth Platform, Inc. External Director, PIA Corporation External Director, The Asahi Shimbun Company	5,100

7	Mr. Masamitsu Sakurai (January 8, 1942)	April 1966 Joined Ricoh Co., Ltd. May 1984 Appointed Director and President of Ricoh UK Products Ltd. June 1992 Appointed Director of Ricoh Co., Ltd. April 1993 Appointed Director and President of Ricoh Europe B.V. June 1994 Appointed Managing Director of Ricoh Co., Ltd. April 1996 Appointed President and Representative Director of Ricoh Co., Ltd. June 2005 Appointed President and CEO and Representative Director of Ricoh Co., Ltd. April 2007 Appointed Chairman of the Board and Representative Director of Ricoh Co., Ltd. June 2008 Appointed Director of the Company (to present) April 2011 Appointed Chairman of the Board of Ricoh Co., Ltd. *Areas of responsibility in the Company:* Chairman of Compensation Advisory Committee Vice Chairman of Corporate Governance Committee *Significant concurrent positions:* Chairman of the Board of Ricoh Co., Ltd. Chairman of The New Technology Development Foundation Director, Coca-Cola West Co. Ltd. External Director, Yamaha Motor Co. Ltd.	0

Notes:

1. Asterisks indicate new director candidates.
2. There are no special interests between the Company and the director candidates.
3. Among the director candidates, Kazuhiko Toyama and Masamitsu Sakurai are external director candidates, and meet the conditions of an independent officer as defined by Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange. If Toyama's and Sakurai's reelections are approved, the Company plans to continue their registration as independent officers.
4. Kazuhiko Toyama has served in a number of corporate management positions for many years, and he will utilize his experience and insight as a management expert cultivated through his career, in the Company's management. We therefore request his election as an external director. Mr. Toyama is currently an external director of the Company, and his term of office as external director will be four 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 JPY 10 million 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.
5. 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 external director. Mr. Sakurai is currently an external director of the Company, and his term of office as external director will be three 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 JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Corporation Law, whichever is higher. If Mr. Sakurai's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
6. 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.

No. 3: Election of one (1) corporate auditor

The term of Corporate Auditor Satoshi Ando expires at the end of this General Meeting of Shareholders. The Company therefore requests the election of one (1) corporate auditor.

The Company has obtained the consent of the Board of Corporate Auditors regarding this proposal.

The corporate auditor candidate is as follows:

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions	Number of shares of the Company owned
Mr. Tokio Kawashima (January 22, 1959)	April 1982 Joined Mitsubishi Bank Ltd. (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.) Sept. 2008 Appointed Regional Head for Germany and General Manager, Dusseldorf Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd. April 2011 Retired from The Bank of Tokyo-Mitsubishi UFJ, Ltd. April 2011 Joined the Company	0

Note: There are no special interests between the Company and the corporate auditor candidate.

No. 4: Election of one (1) alternate corporate auditor

To ensure that the Company will not lack the number of external corporate auditors stipulated by law, the Company requests the election of one (1) alternate external corporate auditor.

This alternate corporate auditor shall be appointed only if the Company lacks the number of external corporate auditors stipulated by law, and shall serve the remaining term of his predecessor.

The Company has obtained the consent of the Board of Corporate Auditors regarding this proposal.

The alternate corporate auditor candidate is as follows:

Name (Date of birth)	Career summary and significant concurrent positions	Number of shares of the Company owned
Mr. Toru Watanabe (February 2, 1966)	April 1993 Registered as attorney with the Osaka Bar Association; joined Kitahama Partners Jan. 1998 Appointed partner of Kitahama Partners (to present) *Significant concurrent positions:* External Director, SHO-BI Corporation	0

Notes:

1. There are no special interests between the Company and the alternate corporate auditor candidate.
2. Toru Watanabe is the alternate external corporate auditor candidate, and meets the conditions of an independent officer as defined by Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange. Mr. Watanabe has not been involved directly in corporate management in the past, but for the reasons stated above, the Company believes that he can adequately fulfill the duties of an external corporate auditor. If appointed as an external corporate auditor, the Company plans to form a limited liability agreement with Mr. Watanabe that sets the amount of his liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Corporation Law, whichever is higher.

No. 5: Payment of bonuses to directors

Based on the “Amount of Compensation, etc. of Each Director and Corporate Auditor and Policy on Decisions Related to Method of Calculation of these Amounts” on page 13 and 14 of this Convocation Notice, the Company requests shareholders to approve payment of a total of JPY 199,634,000 in bonuses to five directors, excluding external directors.

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

END