

Integrated Report 2015

Year ended March 31, 2015

OMRON

Sensing tomorrow™



We are a company that improves lives and contributes to a better society

In 1959, Omron founder Kazuma Tateishi said, "A company is most valuable when it contributes to society beyond the simple pursuit of profits." Based on this idea, Tateishi created our corporate motto stating, "With our day-to-day work, let's improve lives and contribute to create a better society." Since that time, the spirit of this motto has been a driving force behind our growth, binding us together as we create world-class innovations and contribute to higher standards of living through our businesses. In 1990, we created the Omron Principles, built on the foundation and spirit of our corporate motto. The Omron Principles have evolved in response to the changing times.

Today, our businesses are growing across the world faster than ever as we pursue the long-term vision outlined in our Value Generation 2020 (VG2020) plan. We continue to raise our corporate value by providing answers to many of the issues our world faces today. To achieve this vision toward 2020 and beyond, it is important for all Omron employees to act on the Omron Principles. This is why we have decided to revise the Omron Principles to be easier to understand and put into practice.

Omron continues to aim for a higher corporate value by being a pioneer in finding solutions to social needs through our business and by contributing to a better society.




Fumio Tateishi
Chairman

July 2015

Omron Principles represent our unchanging, unshakeable beliefs.
The Omron Principles are the cornerstone of our decisions and actions.
They are what binds us together, and they are the driving force behind Omron's growth.

Omron Principles

Our Mission

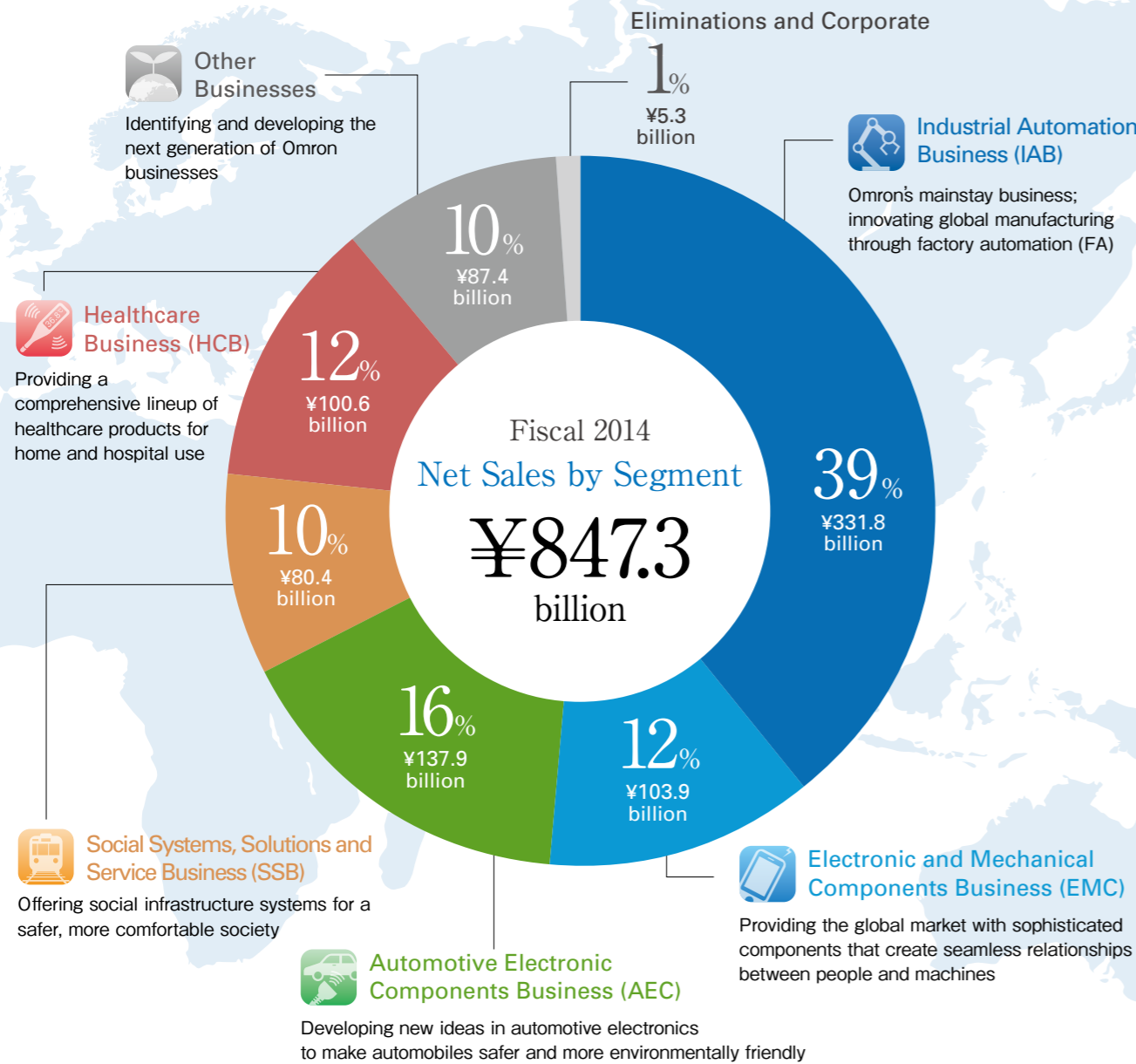
To improve lives and contribute to a better society

Our Values

- **Innovation Driven by Social Needs**
Be a pioneer in creating inspired solutions for the future.
- **Challenging Ourselves**
Pursue new challenges with passion and courage.
- **Respect for All**
Act with integrity and encourage everyone's potential.

Making the World Smaller through Sensing and Control Technologies

Omron manufactures and sells market-leading sensing and control products in over 110 countries around the world. Our products include control equipment, electronic components, automotive electronic components, social infrastructure, healthcare, and environmental solutions.



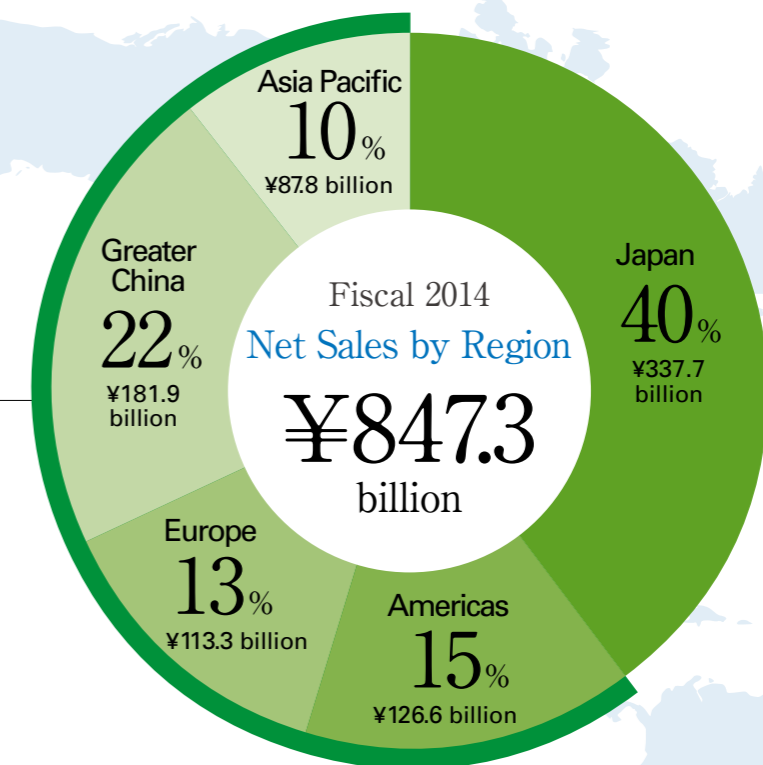
Fiscal 2014 Earnings by Business Segment

(Billions of yen)

Business Segment	Net sales	Operating income	Operating income margin
Industrial Automation Business (IAB)	331.8	54.6	16.5%
Electronic and Mechanical Components Business (EMC)	103.9	10.2	9.8%
Automotive Electronic Components Business (AEC)	137.9	9.2	6.7%
Social Systems, Solutions and Service Business (SSB)	80.4	5.0	6.2%
Healthcare Business (HCB)	100.6	6.5	6.5%
Other Businesses	87.4	8.4	9.6%
Eliminations and Corporate	5.3	(7.3)	-
Total	847.3	86.6	10.2%

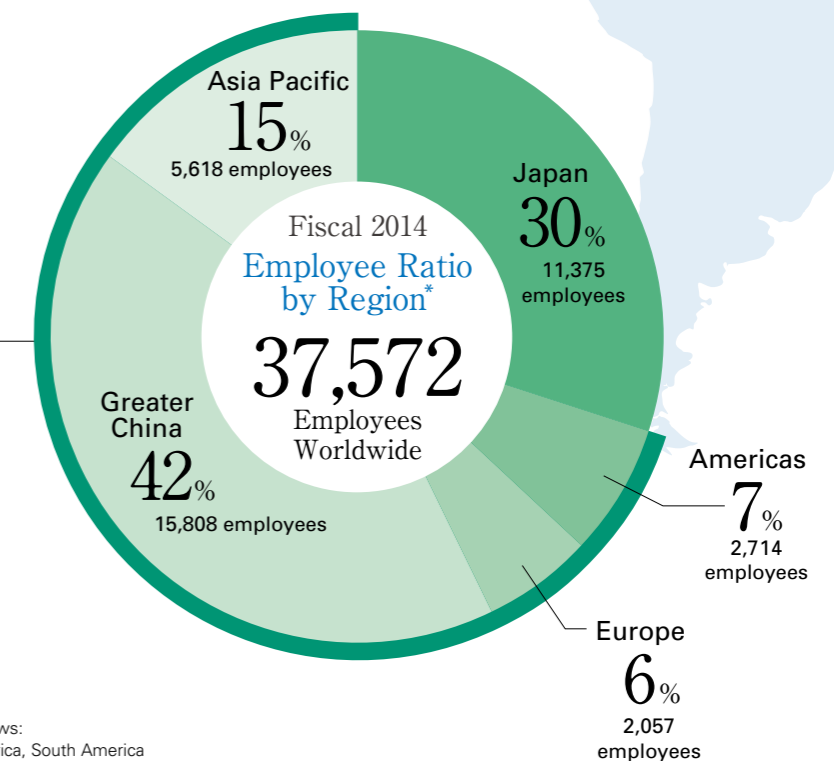
Ratio of overseas sales to net sales

60%



Ratio of overseas employees to total employees

70%



* As of March 31, 2015
 Note: Regional categories are defined as follows:
 Americas: North America, Central America, South America
 Europe: Europe, Russia, Africa, Middle East
 Greater China: China, Taiwan, Hong Kong
 Asia Pacific: Southeast Asia, Korea, India, Oceania

Challenging Ourselves to Make New Technologies that Create a New Era

Evolution in automation. Omron continues to challenge traditional ideas to create new and unique value for the market.



The Table Tennis Robot that Plays With You, Not Against You

At CEATEC JAPAN 2014, we unveiled a table tennis-playing robot that had everyone talking. This robot was our way of showing the world how Omron sensing and control technologies create a seamless partnership between human and machine.

Omron sensing and control technologies determine what is necessary from various information, transforming it into valuable information for equipment control.

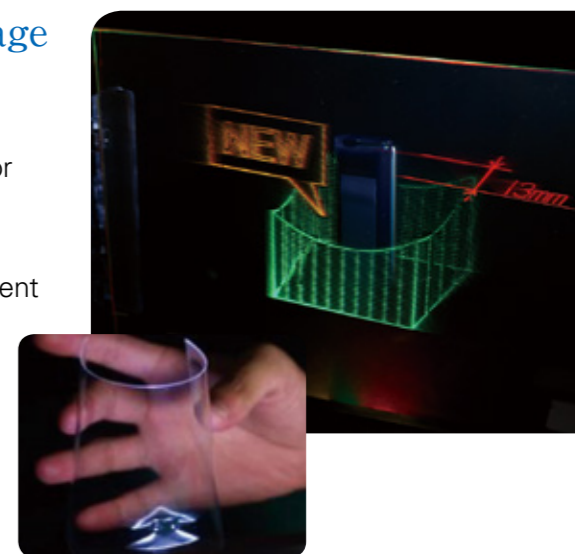


A robot that anticipates human movement

The table tennis-playing robot demonstrates a machine's ability to sense its surroundings and make a correct decision. Using 3D image processing, our robot friend calculates movement and ball position to return a shot easy for its opponent to reach, keeping the volley going as long as possible. Technology that anticipates human movement and reacts properly will play a core role in future industrial, nursing, and in-home care settings.

3D Signage

Signage that uses spatial projection comes alive, expressing information in a way that can't be done in two dimensions. How would you use a 2D arrow on a signboard to tell a visitor to turn around and go back up a flight of stairs? In three dimensions, however, the message is clear and easy to see. Signage made with light is much safer and more space efficient than traditional signage, to boot. You can probably imagine a number of creative ways spatial projection can be used in showrooms, display windows, and maybe even in your own home.



Chicken ginseng congee 7,000

Vegetable congee 7,000

전복죽 7,000

Real-Time Translation

Devices with embedded real-time translation technology interpret and display written characters for the user. Beyond simple translation, we are working to incorporate concierge technology that provides timely and useful suggestions as well.

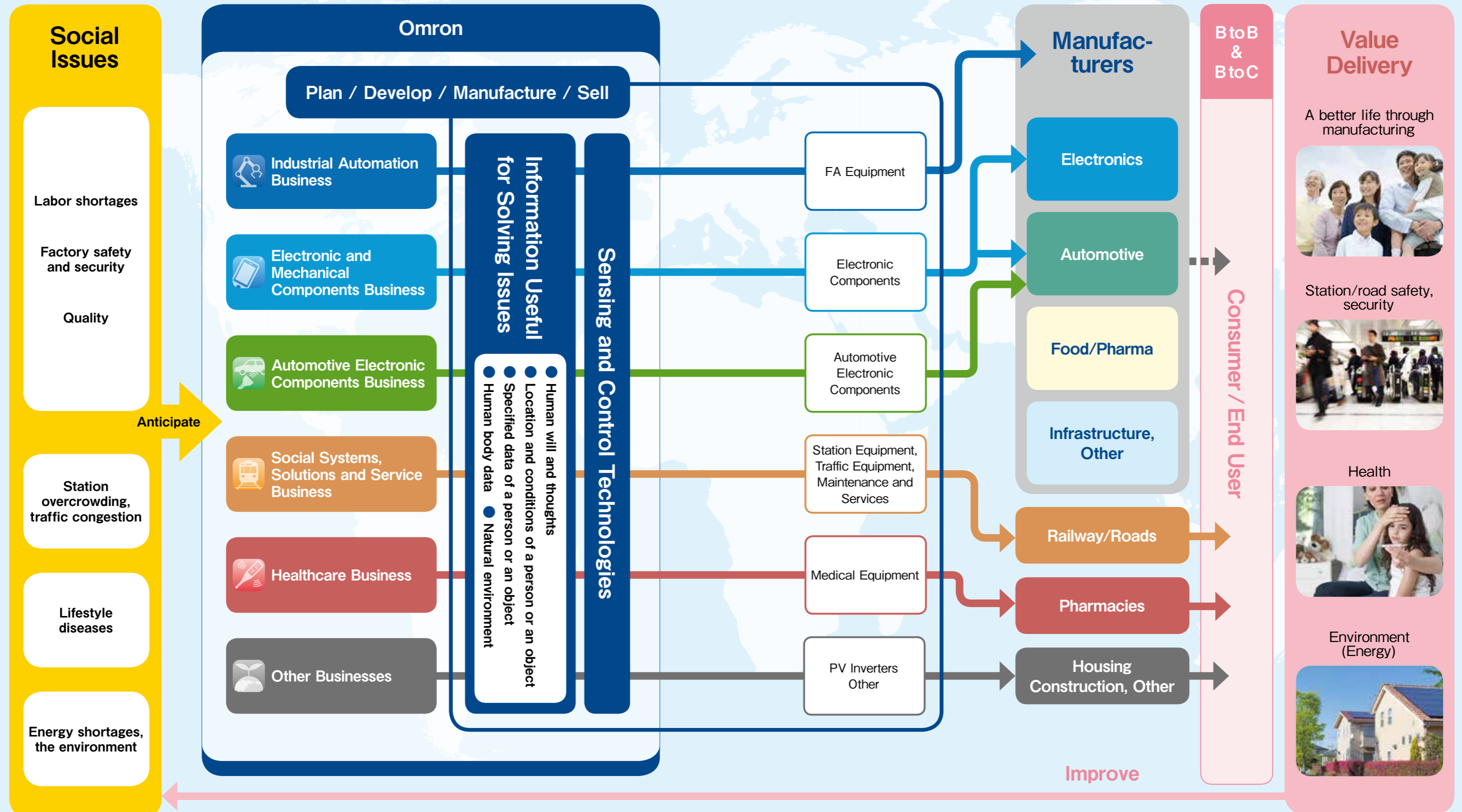
Business Model

Omron consists of six main business segments, filled with talented, skilled, and dedicated professionals. These professionals leverage intellectual and physical capital to deliver products and services that make the world a better place.

In each of these business segments we collect information about human will and thoughts, specified data of a person or an object, etc., converting this information into products and services using sensing and

control technologies. This is how we go about directly serving the needs of society. For example, our factory automation (FA) products and services support safer, higher quality of manufacturing work. Our accurate medical equipment contributes to society by assisting in the battle against lifestyle diseases.

We take the compensation we receive from our customers and reinvest it into creating solutions for the next generation of issues to come—that's the Omron style of value delivery.



Omron Products

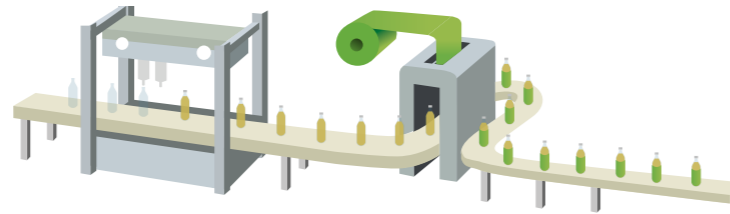


Industrial Automation Business

Control Equipment for Factory Automation

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The IAB provides control equipment to automate production lines. Devices connected over open protocol enable high-speed, high precision control contributing to quality, safety, and environmental conservation in the factory.



Sensing Equipment



Vision Sensors

Fiber Sensors

Control Equipment



Programmable Controllers

Temperature Controllers

Motion Equipment



Inverters

Servomotors and Servo Drivers

Safety Equipment



Emergency Stop Switches



Safety Light Curtains



Safety Controllers



Electronic and Mechanical Components Business

Electronic Components for Home Appliances and Other Industries

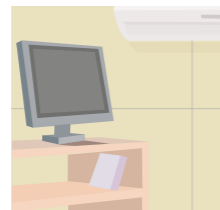
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Relays and switches for use in refrigerators, microwave ovens, air conditioners and more

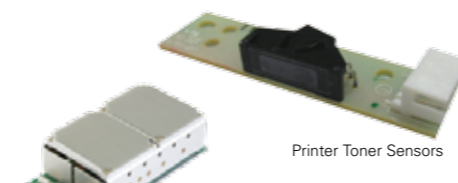


Surface-Mounted Switches

Power Relays for Printed Circuit Boards



Devices for use in the digital imaging and amusement industries



Printer Toner Sensors

Power Supply Units for Amusement Devices



Automotive Electronic Components Business

Electronic Automotive Components

Segment Information > P. 48

Electric power steering controllers for a smoother, enjoyable driving experience



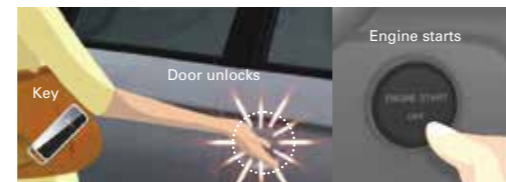
Electric Power Steering Controllers

Power window switches with built-in safety features to prevent accidental injury



Power Window Switches

Passive entry and keyless push-button starters make driving a more enjoyable experience. The AEC provides components to make these features possible.



Social Systems, Solutions and Service Business

Public Transportation

The SSB provides the technology behind the latest automated ticket gate and ticket vending machines to keep traffic moving efficiently through public transportation.



Automated Ticket Gates

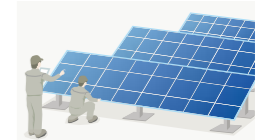


Ticket Vending Machines

Segment Information > P. 50

Environment

Total solutions for energy generation, storage, and savings



Road Traffic

Central management systems for traffic flow and congestion management



Road Traffic Management Systems



Healthcare Business

Healthcare and Medical Devices for Home Use

The HCB helps families stay healthy, offering health management and treatment products and services.



Body Composition Monitors



Thermometers



Blood Pressure Monitors

Medical Devices for Professional Use

Medical devices and equipment that relieve symptoms of disease and reduce medical risks



Spot Check Monitors



Other Businesses

Environmental Solutions

PV inverters and other products for energy generation, storage, and savings



Hybrid Storage System for Solar Power

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Backlights

LCD backlights for smartphones and other devices



LCD Backlights

Electric Systems and Equipment

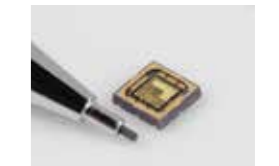
Uninterruptible power supply units provide electricity during power outages or other emergencies.



Uninterruptible Power Supply Units

Micro Devices

Micro electro mechanical systems (MEMS) for emerging applications



MEMS Pressure Sensors

About Omron

Where We're Headed

Corporate Value Initiatives

Corporate Value Foundation

Financial Section

The Year in Review

Fiscal 2014 was a full and eventful year at Omron. We took strategic steps forward in creating a self-driven growth structure. We created a venture investment subsidiary to find and fund opportunities for future growth. We acquired a Brazilian company and partnered with others. In addition, our innovative management by ROIC program was recognized and awarded the Corporate Value Improvement Award by the Tokyo Stock Exchange.

-  Industrial Automation Business (IAB)
-  Electronic and Mechanical Components Business (EMC)
-  Automotive Electronic Components Business (AEC)
-  Social Systems, Solutions and Service Business (SSB)
-  Healthcare Business (HCB)
-  Other Businesses

Management and Business



About Omron

Products and Services



Where We're Headed

Corporate Value Initiatives



Financial Section



September 2014
Omron selected for the fifth consecutive year as a component of the DJSI Asia Pacific Index
MEMBER OF Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

November 2014
 Opened the Hu-tech Environmental Laboratory. This building is a test case for completely new zero-energy building* and energy concepts
*Reduce a building's annual primary energy usage to zero through energy conservation and efficiency.



December 2014
Signed a letter of intent with Cyberdyne Inc. for a robotics business partnership


October–December 2014
First share buyback in six years (2.82 million shares; ¥15.0 billion) and share retirement
http://www.omron.com/ir/news/2014/20141028_3.html
<http://www.omron.com/ir/news/2014/20141126.html>

January 2015
 Launched a joint project with JIN Co., Ltd. for the development of a new healthcare product; new product scheduled to be introduced to the market in spring 2016
Omron named the Grand Prix winner of the Tokyo Stock Exchange Corporate Value Improvement Award
See P. 28 for more.
<http://www.omron.com/media/press/2015/01/c0107.html>


July 2014
Established Omron Ventures Co., Ltd. on July 1, 2014 as a corporate venture capital subsidiary
<http://www.omron.com/media/press/2014/07/c0701.html>

October 2014
 Acquired NS Industria de Aparelhos Medicos Ltda., the No.1 nebulizer manufacturing and sales company in the Brazilian market
<http://www.omron.com/media/press/2014/09/h0909.html>


2014 April–May June July August September October November December 2015 January February March April

June 2014
 Omron's absolute pressure sensor awarded Semiconductor of the Year 2014 in the semiconductor devices category




July 2014
 Omron introduced the Accumil V7000 Series, a patient monitor offering high operability and diverse functionality to support safe and efficient nursing care



October 2014
 Developed a first-of-its-kind* spatial projection technology to project static 3D images using LED lights and a transparent plate
*September 2014 internal survey




 Modified current Japanese passive entry and engine start systems to meet needs in emerging economies; began marketing systems in India
See P. 8 for more.



 Omron's Table Tennis Robot awarded the U.S. Media Panel Innovation Award at CEATEC 2014*
*Award given by U.S. IT/electronics journalists to the most innovative technologies, products, and services exhibited at CEATEC JAPAN deemed to have a significant impact on the future U.S. market.
<http://www.omron.com/media/press/2014/10/c1010.html>




December 2014
 Released vision sensing component, Hu-man Vision Components-Consumer Model (recognizes the status of a person and sends information to a smartphone)
http://www.omron.com/media/press/2014/10/e1014_2.html




 Cumulative production of KP Series PV inverters for solar power systems surpasses 1 million units




February 2015
 Released HEM-7280C upper arm blood pressure monitor with communications feature and backlight




January 2015
 Omron's uninterruptible power supply (UPS) won the BCN AWARD 2015 for the most outstanding product in the UPS division



April 2015
 Introduced the world's lightest, most compact solar power generation hybrid storage battery system (KP48S)



 Introduced the world's fastest machine automation controller for the FA industry (NX701); with the addition of the basic NJ101 model. Omron offers control solutions for everything from advanced production systems to general-use equipment



*March 2015 internal survey
<http://www.omron.com/media/press/2015/04/i0401.html>

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OMRON Corporation
Integrated Report 2015

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Editorial Policy

The scope of this report covers the 169 companies of the Omron Group, consisting of 158 consolidated subsidiaries and 11 nonconsolidated subsidiaries and affiliates accounted for under the equity method (as of March 31, 2015). Through its environmental and governance-related activities, Omron is contributing to the development of a sustainable society. Since 2012, we have included in our annual reports information on activities that had previously only been available in the CSR report.

Caution Concerning Forward-Looking Statements

Statements in this integrated report with respect to Omron's plans, strategies, as well as other statements that are not historical facts, are forward-looking statements involving risks and uncertainties. Important factors that could cause actual results to differ materially from such statements include, but are not limited to, general economic conditions in Omron's markets, which are primarily Japan, the Americas, Europe, Asia Pacific, and Greater China; demand for and competitive pricing pressure on Omron's products and services in the marketplace; Omron's ability to continue to win acceptance for its products and services in these highly competitive markets; and movements of currency exchange rates.

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Environmental Solutions Business, Backlights Business, Electronic Systems & Equipment Business, and Micro Devices Business



Explanation of Cover

We are all charged with the task of ensuring the sustainability of our precious planet. Omron embarked on the EARTH STAGE in April 2014. In this stage, Team Omron will strive unceasingly to create social needs, tackling all challenges placed before it.

Corporate Value Foundation

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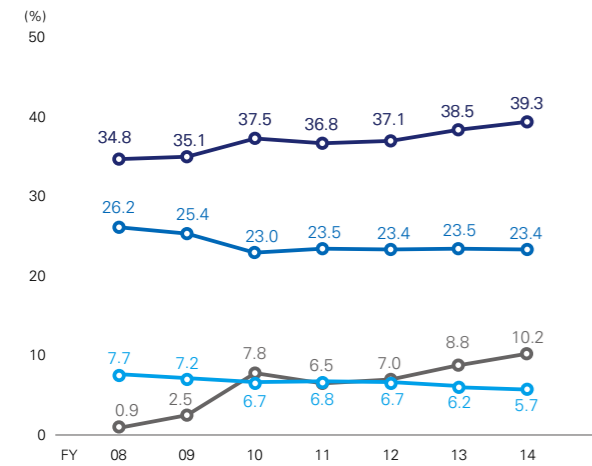


Financial Highlights

Gross Profit Margin

39.3%

● Gross profit margin
 ○ R&D expenses ratio
 ○ Operating income margin
○ Selling, general and administrative expenses ratio (excluding R&D expenses)



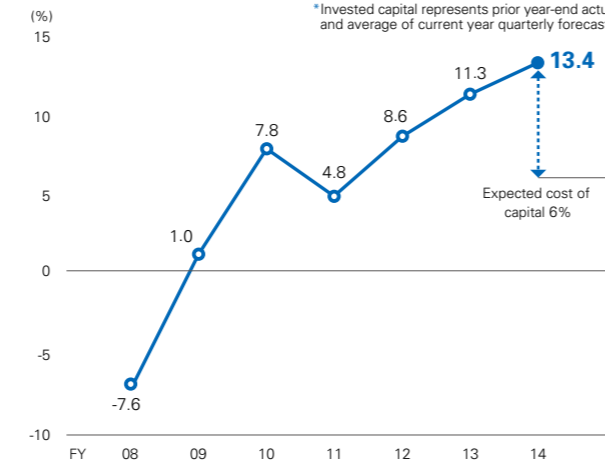
Significant growth in IAB segment revenues and profits drive earnings improvement. Operating income margin breaks above the 10% level for the first time in 25 years.

ROIC

13.4%

○ Return on invested capital (ROIC)

$$\text{ROIC} = \frac{\text{Net Income}}{\text{Invested Capital}^* (\text{Net Assets} + \text{Interest-Bearing Debt})}$$
* Invested capital represents prior year-end actual and average of current year quarterly forecasts

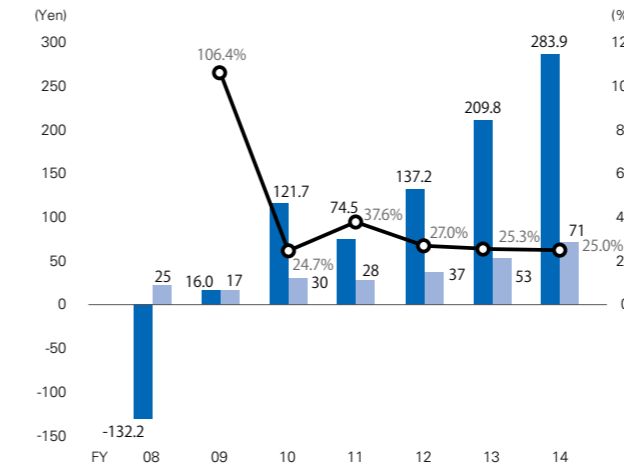


Our expected cost of capital for the EARTH-1 STAGE is set at 6%. ROIC management has led to fiscal 2014 ROIC significantly higher than our expected cost of capital.

EPS

¥283.9

■ Earnings per share
 ■ Cash dividends per share
 ○ Dividend payout ratio

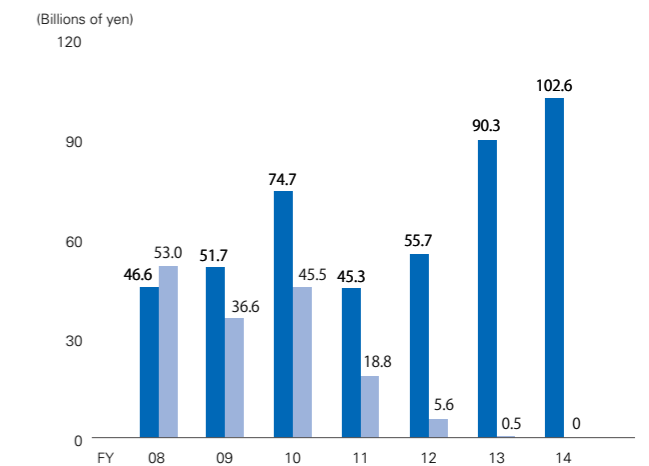


Omron paid a record-high ¥71 per-share dividend for fiscal 2014. We expect to record a dividend payout ratio of 30% for fiscal 2015, achieving our stated commitment one year ahead of schedule.

Cash and Cash Equivalents

¥102.6 billion

■ Cash and cash equivalents
 ■ Total interest-bearing liabilities

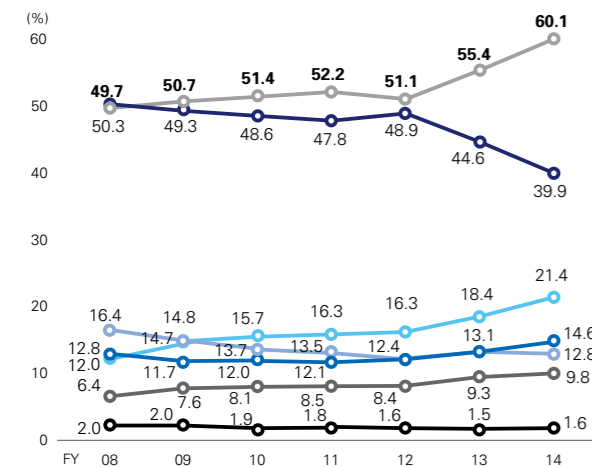


We prioritize cash allocation to growth investments designed to achieve our long-term vision (VG2020) goals. We forecast a total of ¥100 billion in investments over the three years of our EARTH-1 STAGE plan.

Ratio of Overseas Sales to Total Net Sales

60.1%

○ Overseas Total
 ○ Japan
 ○ Americas
 ○ Europe
○ Greater China
 ○ Asia Pacific
 ○ Direct Exports



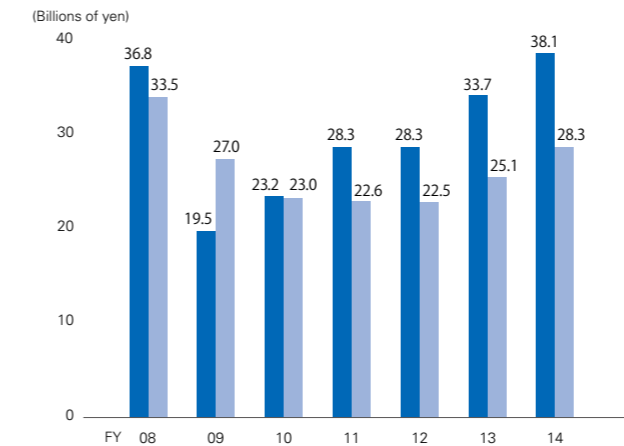
We continue to see revenue growth in Greater China, Southeast Asia, and other emerging economies.



Capital Expenditures

¥38.1 billion

■ Capital expenditures
 ■ Depreciation and amortization



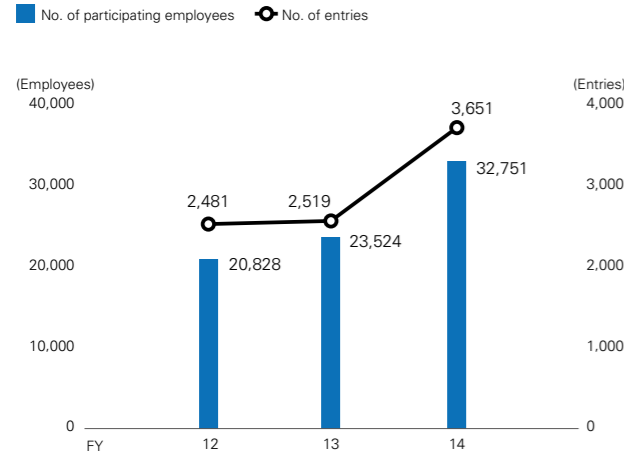
Omron plans to steadily increase capital expenditures toward sustained growth.



Non-Financial Highlights

Practicing the Omron Principles (The Omron Global Awards: TOGA)

No. of Entries **3,651**
No. of Participating Employees **32,751**



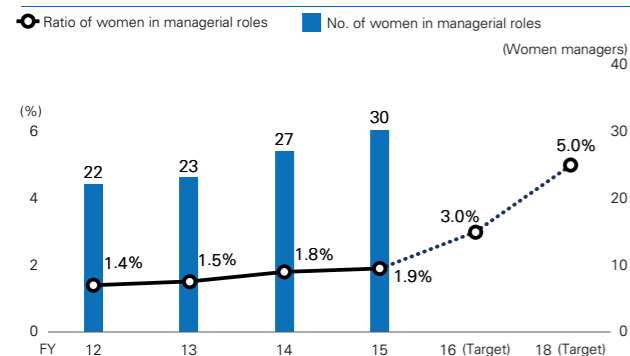
Challenging ourselves, being pioneers, putting ourselves in the shoes of our customers. At Omron, we practice the Omron Principles as a means to solve social issues as well as to become a more valuable corporation. TOGA (The Omron Global Awards) recognizes teams from around the world that have worked together to rise to the challenge, delivering results that exemplify the Omron Principles.



For more about TOGA:
http://www.omron.com/about/csr/omron_csr/idea/practice/

Ratio of Women in Managerial Roles (Japan)

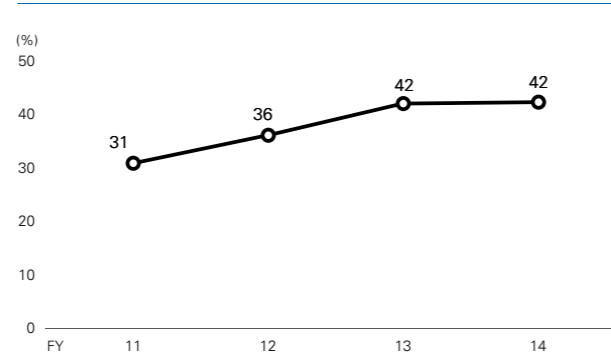
1.9%



Note: Figures represent results as of April 20. We are well aware that the low number of women in leadership roles in Japan is not only critical issue—it's a lost opportunity. We plan to raise the number of women in managerial roles to 3% by the end of fiscal 2016 and to 5% by the end of fiscal 2018.

Ratio of Non-Japanese in Managerial Positions Overseas

42%

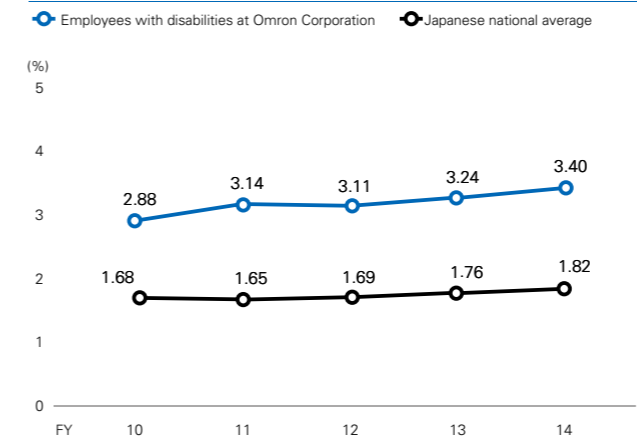


We believe that local management is the best management. This is why we emphasize having local staff in key positions in our local entities overseas. We will continue to train and appoint local staff to perform managerial roles at our offices around the world.

Note: The seven non-financial indices presented here have been reviewed by Deloitte Tohmatsu Evaluation and Certification Organization, an independent evaluation entity.

Ratio of Employees with Disabilities

3.40%

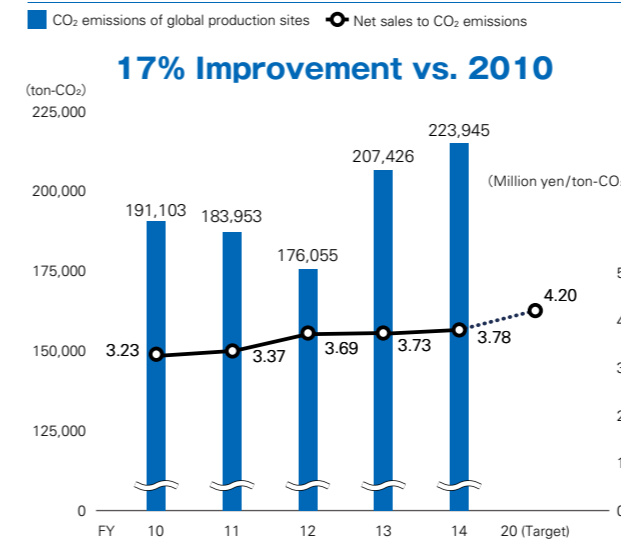


Note: Ratio of employees with disabilities (including special subsidiaries) is as of June 30 each year. Omron believes in diversity. As a matter of fact, diversity is a central tenet of the Omron Principles. We continue to look for more opportunities to provide disabled individuals a means to find pride in worthwhile work.



Global Net Sales to CO₂ Emissions^{*1}

3.78 million yen/ton-CO₂

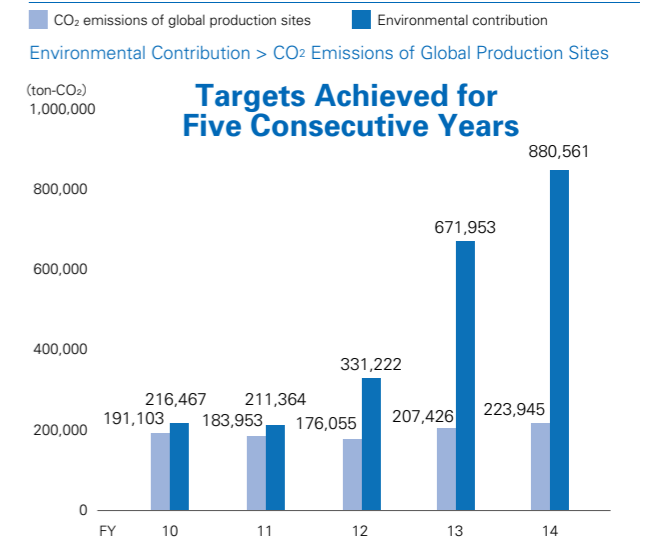


*1 Net sales to CO₂ emissions = Net sales per one ton of CO₂ emissions.

At Omron, we take pride in knowing that our businesses contribute to a sustainable society. We track and improve global net sales to CO₂ emissions and environmental contribution as two important indicators of corporate value.

Environmental Contribution^{*2}

880,000 ton-CO₂



*2 Environmental Contribution = Volume of CO₂ emissions reduction contributed by society's use of Omron Group's energy saving, storage or generation products and services.

See our website for more about how we calculate these figures.
Environmental Contribution
http://www.omron.com/about/csr/environ/eco_products/eco_contribution/
CO₂ Emissions of Global Production Sites
http://www.omron.com/about/csr/environ/eco_fac_off_lab/co2_discharge/data_co2exhaust_volume.html

Board of Directors and Auditors

As of June 23, 2015



Back row,
from left:

Eisuke Nagatomo

Audit & Supervisory Board Member (Independent)
Corporate Governance Committee Member

Kiichiro Kondo

Audit & Supervisory Board Member

Eizo Kobayashi

Outside Director
Chairman of the Compensation Advisory Committee
Vice Chairman of the Corporate Governance Committee
Personnel Advisory Committee Member
CEO Selection Advisory Committee Member

Kazuhiko Toyama

Outside Director
Chairman of the Personnel Advisory Committee
Chairman of the CEO Selection Advisory Committee
Chairman of the Corporate Governance Committee
Compensation Advisory Committee Member

Kuniko Nishikawa

Outside Director
Personnel Advisory Committee Member
CEO Selection Advisory Committee Member
Compensation Advisory Committee Member
Corporate Governance Committee Member

Tokio Kawashima

Audit & Supervisory Board Member

Yoshifumi Matsumoto

Audit & Supervisory Board Member (Independent)
Corporate Governance Committee Member

Front row,
from left:

Koji Nitto

Director, Senior Managing Executive Officer
Senior General Manager, Global Strategy HQ
Compensation Advisory Committee Member

Yoshinori Suzuki

Executive Vice President and CFO
Personnel Advisory Committee Member

Fumio Tateishi

Chairman
CEO Selection Advisory Committee Member

Yoshihito Yamada

President and CEO

Akio Sakumiya

Executive Vice President
Vice Chairman of the Personnel Advisory Committee
Vice Chairman of the CEO Selection Advisory Committee
Vice Chairman of the Compensation Advisory Committee

Material Management Issues and Major Initiatives

In 2011, Omron published *Value Generation 2020 (VG2020)*, a plan that outlined a 10-year vision for our company. VG2020 put us on the path toward becoming a company that delivers global value in terms of both volume and quality. Under this plan, we set a goal and defined specific activities to achieve net sales of ¥1 trillion with an operating income margin of 15% for fiscal 2020. Fiscal 2015 represents the second year of the EARTH-1 STAGE of this plan. We have identified the following matters as important management issues and initiatives to address moving forward.

▶ EARTH-1 STAGE Policies

Establish a self-driven growth structure to grow in any operating environment

▶ Material Issues and Major Initiatives

Issues	Initiatives
Improve 3 Powers	Growth Power <ul style="list-style-type: none"> ● Dramatic growth in Asia ● Innovate to roll out new businesses more quickly ● Grow more quickly through acquisitions and partnerships
	Earning Power <ul style="list-style-type: none"> ● Exercise ROIC- and ROE-centric management and matrix management to improve gross profit margins (ability to earn)
	Power to Deal with Challenge <ul style="list-style-type: none"> ● Manage Omron as a business portfolio to allocate resources to growth businesses ● Improve integrated global risk management
Global Human Resources	<ul style="list-style-type: none"> ● Globalize management by promoting talented individuals versed in global business ● Increase the ratio of women in managerial roles (particularly in Japan)

Materiality Identification Process

In light of our long-term VG2020 strategies, and after considerable discussion at board meetings and other venues, we determine our most pressing issues with respect to our Growth Power, Earning Power, and Power to Deal with Challenge. We value the feedback we receive from shareholders, investors, and other stakeholders, communicating this information throughout our company. Every year we conduct an internal review of important matters, disclosing our results* to the public.

* http://www.omron.com/ir/shareholder/pdfs/convocation_notice_78th.pdf

VG2020 Strategies



Message from the CEO

Our Mission:

To improve lives and contribute to a better society

The spirit of this mission, first defined by our founder Kazuma Tateishi, lives on in the Omron Principles and in our own beliefs. The Omron Principles are the cornerstone of our decisions and actions. They are what binds us together, and they are the driving force behind Omron's growth. Through our businesses, we help solve social issues and strengthen our corporate value.



Y. Yamada

Yoshihito Yamada
President and CEO

July 2015

1. Revised Principles and Created Management Philosophy

To succeed and grow at the highest levels, a company must have a clear mission and inspiring values. But, it's not enough to simply have a mission and values. Every employee must believe in what the company is trying to accomplish, putting their commitment into everyday practice.

In 1959, our founder created our Corporate Motto. In the half-century since that time, the line of successive Omron leadership has held true to the spirit of this Corporate Motto, relying on the Omron Principles to bind the company together and to guide our management decisions. For Omron, our Principles drive us to become a stronger, better company, while at the same time they serve as the engine that supports our ongoing growth.

In May 2015, we revised the Omron Principles for the first time in nine years.

We believe this revision now clearly communicates Our *Mission* and Our *Values* in a way that resonates with and inspires every employee worldwide. This revision reaches out to the very front lines of our businesses to help us all focus on the same goals, working together to achieve the long-term vision outlined in our Value Generation 2020 (VG2020) business plan.

We view this as an opportunity to make a deeper connection with our roots, while looking forward to sustained growth toward 2020 and beyond. At the same time, we have created our *Management Philosophy*, declaring to our stakeholders our stance and approach in carrying out our business based on the Omron Principles.

As always, our ultimate mission remains: To improve lives and contribute to a better society.

Management Philosophy

We believe a business should create value for society through its key practices. We are committed to sustainably increasing our long-term value by putting Our Mission and Values into practice.

- We uphold a long-term vision in our business practices to create solutions to society's needs.
- We operate as a truly global company through our fair and transparent management practices.
- We cultivate strong relationships with all of our stakeholders through responsible engagement.

“Driving corporate value through the Omron Principles”

2. Return on Invested Capital

Return on invested capital (ROIC) is an important indicator that shows how effectively a company uses its capital to offer value to society. This indicator also shows how well a company meets the expectations of its shareholders.

At Omron, our businesses operate across a wide range of formats, from business-to-business to business-to-consumer. Using ROIC as a yardstick provides an effective, fair means for management to measure the performance of these diverse businesses. Today, we manage Omron as a portfolio of businesses, each responsible for delivering return on invested capital. The Down-Top ROIC Tree is the tool we use to establish and execute on key performance indicators tied directly to the front lines of our businesses. As a result, we achieved an ROIC in excess of 13% for fiscal 2014, delivering our fiscal 2016 target two years ahead of schedule.

In January 2015, the Tokyo Stock Exchange recognized Omron for this initiative, honoring us as the Grand Prix recipient of the Corporate Value Improvement Award. This award is the highest recognition given by the Tokyo Stock Exchange, which selects only one firm each year from among the 3,400 publicly traded

companies on the exchange.

Our next challenge is to deliver even higher levels of quality through our front-line activities. We must communicate our values more effectively to all employees, regardless of their place in the company or knowledge of financial management concepts.

During February 2015, we began a company-wide education project led by our accounting and finance department. Management by ROIC 1.0 was the original name we gave to this quantitative approach using Down-Top ROIC Tree. Now we are operating under Management by ROIC 2.0^{*1}, upgrading and accelerating this program of management by key indicators. We believe this approach will help us continue to improve at the front lines of our businesses.

^{*1} See P. 32 for more.



Corporate Value Improvement Award Presentation Ceremony

3. FY2014 Results

Fiscal 2014 was our third consecutive year of higher revenues and profits, as well as our

second consecutive year of record earnings. Our mainstay Industrial Automation Business

FY2014 Results (Management Indicators)

	FY2013 Actual	FY2014 Actual	Change
Net sales (¥ billion)	773.0	847.3	+9.6%
Gross profit margin	38.5%	39.3%	+0.8P
Operating income margin	8.8%	10.2%	+1.4P
ROIC	11.3%	13.4%	+2.1P
ROE	11.6%	13.5%	+1.9P
EPS (¥)	209.8	283.9	+74.1
USD rate (¥)	100.1	110.0	+9.9
EUR rate (¥)	134.0	138.7	+4.7



reported strong results, driving overall performance to reach net sales of ¥847.3 billion and operating income of ¥86.6 billion. Operating income margin came in at 10.2%, surpassing the 10% level for the first time in 25 years. We are steadily building a more self-driven growth structure, particularly in our Industrial Automation Business. At the same time, we are building more earnings capacity, creating a stronger portfolio of businesses. ROIC jumped 2.1 points over the prior fiscal year, reaching 13.4%.

In terms of shareholder value, we made a significant repurchase of shares for the first time in six years. During fiscal 2014, we purchased 2.82 million shares, after which we retired a total of 9.72 million shares including treasury stock. Our dividends were a record ¥71 per share.

Total shareholder return (TSR) compared to fiscal 2013 was up 29%. Over the past three years, our TSR has been 47%, outperforming the TOPIX average of 24% for the electric appliances sector.

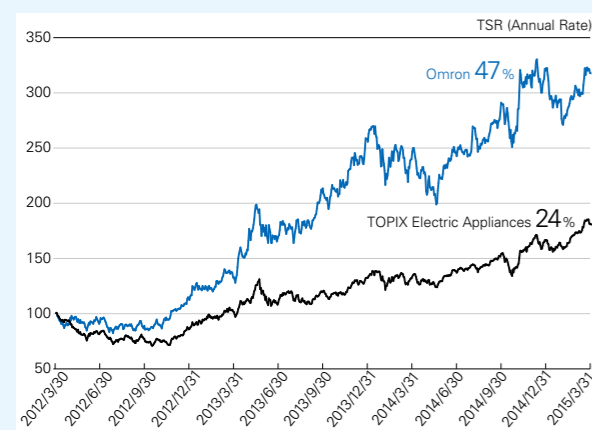
4. Future Goals

We have set fiscal 2015 targets for net sales and operating income of ¥900 billion and ¥90 billion, moving our EARTH-1 STAGE goals up by 12 months. We project earnings per share to exceed our interim goal of ¥306 per share. Similarly, we have set a target for dividend payout ratio of 30% for fiscal 2015, 12 months ahead of our original plan.

During fiscal 2015, we plan to work even harder on our self-driven growth engine and numerical targets:

- (1) Achieve EARTH-1 STAGE goals one year

■ Three-Year Total Shareholder Return Comparison*2



*2 Three-year stock trend after dividend adjustments (March 30, 2012 = 100)
Source: Internal data; Bloomberg

“We moved our plan for EARTH-1 STAGE goals forward by 12 months”

- earlier than planned
- (2) Sustain efforts toward higher profitability (GP%)
- (3) Increase sales and profits in all business segments

Our goals for VG2020 (fiscal 2020) are net sales of over ¥1 trillion and an operating income margin of 15%. Ongoing investment will be key in accomplishing these goals.

We will increase the size of our growth investments, primarily in our Industrial Automation Business and Healthcare Business. We also plan to increase capital investment in our Backlights Business, where the market is growing at a tremendous clip. Omron builds a self-driven growth structure not affected by the ups and downs of external market changes.

5. Building a Better Governance Structure

We believe that Omron can help solve social issues through technology and innovation. This is one reason why we established the new position of chief technology officer (CTO) in April 2015. The mission of Omron's CTO is to (1) strengthen our core technologies, (2) promote open innovation by working with outside entities, and (3) develop new technologies looking toward fiscal 2020 and beyond.

Kiichiro Miyata, formerly president of Omron Healthcare, is serving as our CTO. Together with CFO Yoshinori Suzuki—himself an experienced corporate leader—and I as CEO, we plan to guide the Omron Group as a unified team.

The business environment changes dynamically and on a global scale. Geopolitical risk, labor health and safety, procurement risk, employee safety, and other business issues are becoming more complex. So, with the many new and evolving issues we face, we have decided to place risk management and

legal affairs directly under the office of the president to assure that proper attention is given to these matters.

We published the new *Omron Corporate Governance Policies* in response to the June 2015 enactment of *Japan's Corporate Governance Code*. As a company, we continue to observe and improve our stance regarding governance as a good corporate citizen should.

We want Omron to be a company valued and appreciated by the people of the world. To do this, we must build a strong corporate culture that combines growth, profits, and the ability to respond to change. Our long-term management vision looks ahead to the year 2020 and far beyond. For Omron to be a company valued by the people of the world, we must continue to endeavor. I ask you for your continued support as we pursue this vision.

■ FY2015 Management Indicators

	FY2014 Actual	FY2015 Plan	EARTH-1 STAGE Goals (FY2016)*3
Net sales (¥ billion)	847.3	900	> 900
Gross profit margin	39.3%	39.6%	> 40%
Operating income margin	10.2%	10.0%	> 10%
ROIC	13.4%	> 13%	approx. 13%
ROE	13.5%	> 13%	approx. 13%
EPS (¥)	283.9	306.1	approx. 290
USD rate (¥)	110.0	115.0	100.0
EUR rate (¥)	138.7	130.0	135.0

*3 Published April 24, 2014



Tokyo Stock Exchange, Inc.

This year, it is Omron.
Next year,
your company can win it, too.

Effective allocation of equity capital to broaden profit margins--

Today's companies are expected, more than ever, to improve corporate value.

The vision of the Abe administration for the recovery and the reconstruction of the Japanese economy must be realized with Japanese companies effectively applying their abundant cash reserves to capital expenditure and other investments to sow the seeds of corporate growth.

Tokyo Stock Exchange will continue to support companies that pursue initiatives toward improving corporate value.



Why Omron?

- Investor-oriented management goals
- In-depth business portfolio management
- Down-Top ROIC tree approach shared throughout the organization
- Management initiatives resulting in measurable improvements

Corporate Value Improvement Award

The award was established by TSE to encourage management toward enhancing corporate value and contribute to raising the quality and profile of the Japanese equities market. Selected from the entire TSE market of about 3,400 candidates, companies are recognized for raising the appeal of the market by improving corporate value through efforts that consider capital cost and other investor concerns.

Note: Translation of an excerpt from a Tokyo Stock Exchange advertisement in the March 16, 2015 morning edition of the *Nihon Keizai Shimbun*

For more about the Corporate Value Improvement Award, see: <http://www.jpx.co.jp/english/equities/listed-co/award/01.html>

Message from Japan Exchange Group, Inc.

The Corporate Value Improvement Award is a conscious and open effort by TSE to encourage management toward raising capital productivity. The award recognizes outstanding initiatives by public companies aimed at improving corporate value.

For FY2014, we have selected OMRON Corporation for the Grand Prix award. Omron is a truly worthy winner, demonstrating excellent management through an ROIC approach with a strong emphasis on capital productivity. We look forward to the continued growth of the company as it steadily pursues its highly commendable approach toward business management.



Akira Kiyota
Director & Representative
Executive Officer, Group CEO
Japan Exchange Group, Inc.

Message from the CFO Aiming for Corporate Value Improvement through Portfolio Management

We manage the Omron Group as a portfolio of businesses. The purpose of portfolio management at Omron is to support correct decisions in response to changes in the business environment.

We make opportunistic management decisions for M&A, growth acceleration, restructuring, and new lines of business to generate growth for our company.

Our cash on hand is another effective tool we use to invest in growth opportunities and to return profits to our shareholders.



Yoshinori Suzuki
Executive Vice President and CFO

July 2015

About Omron

Where We're Headed

Corporate Value Initiatives

Corporate Value Foundation

Financial Section

1. Management of a Portfolio of 100 Businesses

Omron consists of six business segments made up of nearly 100 distinct business units. We consider these business units to be our portfolio of investments. So, how do we measure the results of our portfolio? First, we create an index with return on invested capital (ROIC) as the X axis and revenue growth as the Y axis. Next, we categorize each of our businesses under one of four headings: S, A, B, or C. Businesses we consider to be an S demonstrate promise for strong, sustainable growth. These are the businesses to which we give priority investment. We pay close attention to these businesses to drive even more growth where we see the opportunity for robust, ongoing earnings.

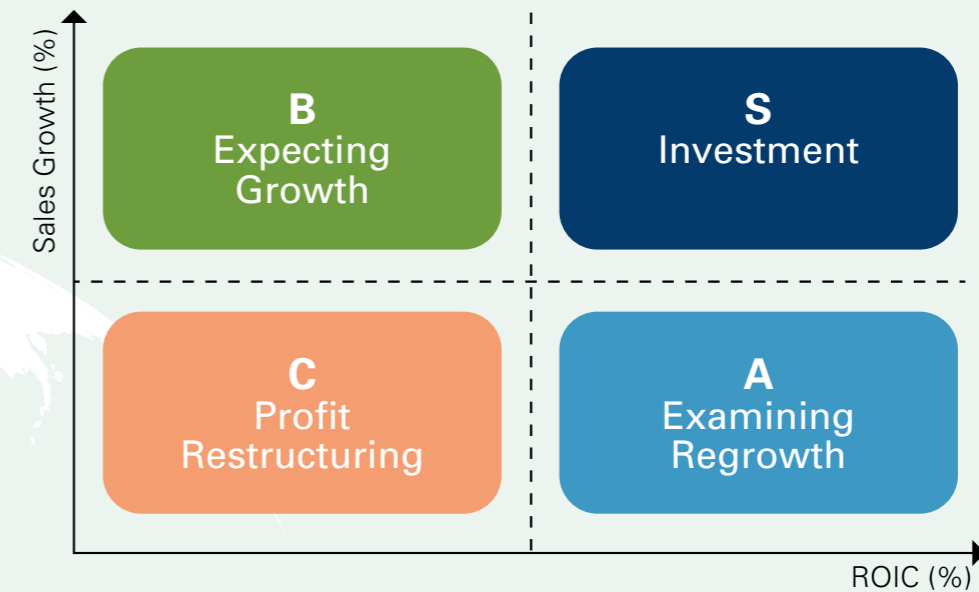
Some businesses we categorize as C (target for profit restructuring). For these businesses, we focus on creating and executing plans to restructure their revenue

bases. In some cases, we pull out from the business entirely. Over the past few years, we have been active in exiting businesses, closing factories, or otherwise restructuring businesses that fall under this category.

Not every one of our business units is necessarily large. As a matter of fact, you could say that Omron is a collection of many small- and medium-sized businesses. The important take-away here is that Omron produces highly competitive products based on sensing and control technologies, marketed globally in nearly 100 different business sectors. This large number of businesses is precisely why we have to exercise effective portfolio management. The type of detailed portfolio control we conduct allows us to optimize the allocation of our resources to create more strength within each business unit, leading to higher levels of corporate value.



Portfolio Management Categories



2. Growth through Investment

As part of our strategy to rapidly grow in emerging economies, Omron acquired NS Industria de Aparelhos Medicos Ltda. in October 2014. NS is a top manufacturer of nebulizers in Brazil, and this acquisition has vaulted our Healthcare Business to the top share of the global nebulizer market. At the same time, this new sales channel within Brazil took us to the number one share for blood pressure monitors in that market during fiscal 2014. Prior to our investment, the Brazilian market had presented challeng-

es in marketing our blood pressure monitors.

We have increased the pace of investment in our Backlights Business to win a greater share of growing demand. Our EARTH-1 STAGE (FY2014–FY2016) defined the establishment of a self-driven growth structure as the medium-term goal for our company. To achieve this goal, management has budgeted ¥100 billion in growth investments for the Company as a whole, and we intend to continue to invest in our future for sustained growth.

3. Improving Shareholder Return

Between October and November 2014, we took the opportunity to address shareholder return and our capital structure by buying back almost 2.82 million shares of stock for a total of nearly ¥15 billion. In December, we retired approximately 9.72 million shares of new and existing treasury stock, leaving us with a balance of approximately 140,000 treasury shares.

In terms of dividends, we committed in our

EARTH-1 STAGE plan to increase our dividend payout ratio to 30% by FY2016. We are happy to announce that we have moved the timing up by one year, with a scheduled 30% payout ratio for FY2015. While we have not changed our basic stance in placing the highest priority on growth investments, we believe offering stronger shareholder return is another way to make efficient use of our capital.

Special Feature 1

Management by ROIC 2.0

Takayoshi Oue
Executive Officer
Senior General Manager,
Global Finance and Accounting HQ

1. Why Management by ROIC 2.0?

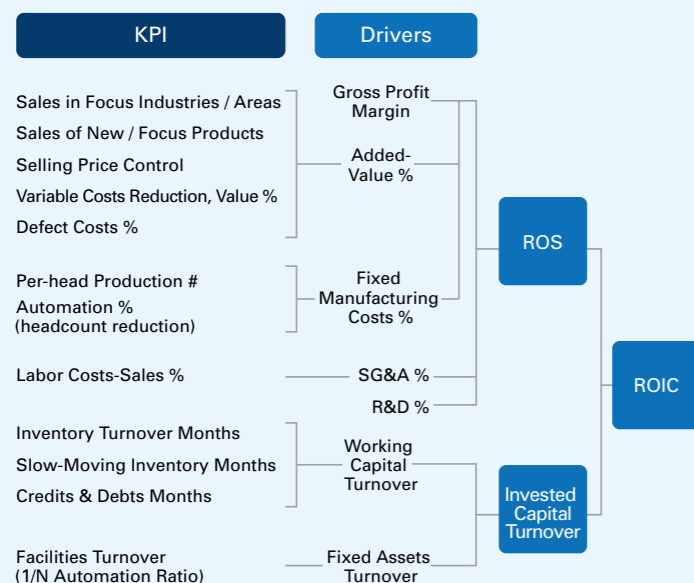
At Omron Corporation, Management by ROIC consists of two main components: Down-Top ROIC Tree and Portfolio Management. Return on invested capital is the most important indicator we use to measure progress in our business plan.

ROIC is an excellent measure for fairly assessing business performance across a number of businesses that have different characteris-

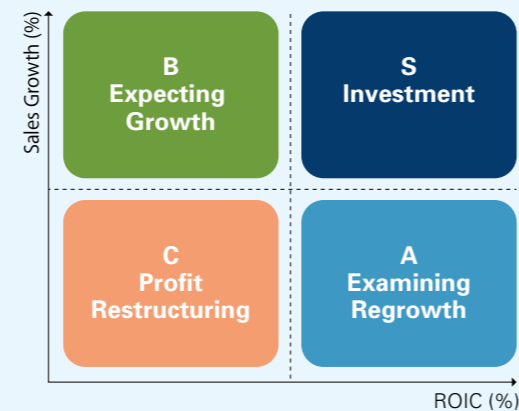
tics. We began Management by ROIC in earnest three years ago, making significant ROIC gains since that time. I am confident that, at this point, every member of management is at least aware of the concept of ROIC and its importance as a performance indicator at Omron.

On the other hand, I am sure there are many who have yet to link ROIC with their own

Down-Top ROIC Tree



Portfolio Management Categories



day-to-day duties. ROIC is a relatively easy concept for those in our strategic, accounting, and finance departments to relate to. For our employees in sales or development, this financial management concept is both unfamiliar and difficult to internalize. Understanding this, we have decided to provide a qualitative interpretation that tells the story of ROIC in more relatable terms. This is *Management by ROIC 2.0*.

The following chart presents the ROIC formula and our own interpretation. The simple logic is this: Add the *Necessary Management Resources (N)* and generate greater levels of *Value to Customers (V)*, while reducing *Loss-Making Management Resources (L)*. Incidentally, we define loss-making resources as those that involve *Muri, Muda, Mura* (waste, unevenness, overburden).

ROIC Reverse Tree Formula and Interpreted Formula

Omron's ROIC Reverse Tree Formula

$$ROIC = \frac{\text{Net Profit}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Invested Capital (Working Capital + Fixed Assets)}}$$

Interpreted Formula

$$ROIC \doteq \frac{\text{Value to Customers (Stakeholders) (V) \uparrow\uparrow}}{\text{Necessary Management Resources (N) \uparrow} + \text{Loss-Making Management Resources (L) \downarrow}}$$

(Goods, Money, Time) *Muri, Muda, Mura (waste, unevenness, overburden)*

2. Case Study

Our Electronic and Mechanical Components Business is a good case study to illustrate ROIC Reverse Tree Management. This is a business that involves significant capital investment in production equipment, which means that production facilities turnover is an important performance indicator.

Production volume for relays and other mechanical components varies according to seasonality and demand in the home electronics market. In the past, we have had trouble matching equipment investment with this changing demand, adding equipment too late, thereby decreasing our return on facilities ratios.

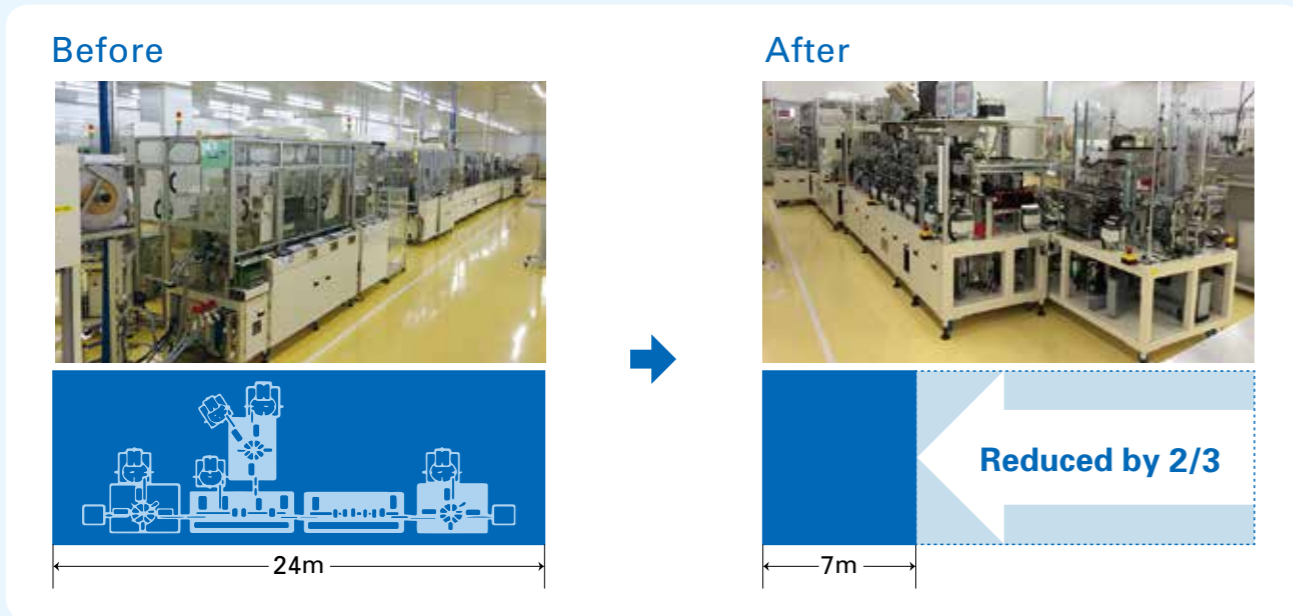
This business requires that we minimize wasted investment in equipment, while responding correctly to changes in demand. Accordingly, we have focused on downsizing our production equipment, or in other words, reducing production equipment by a factor of 1/n.

Our first concern was to reduce *Necessary Management Resources (N)*, relay or switch production equipment in this case, to the smallest unit possible to still meet the increase in demand. By down-

sizing equipment, we limited investment, floor space requirements, and the energy required to run the machinery. Compared to an "all-or-nothing" approach to adding production capacity, we avoided waste in terms of low utilization / turnover. In other words, we successfully reduced our *Loss-Making Resources (L)*. At the same time, we have enough capacity to protect against order opportunity loss when demand rises further. From the perspective of the customer, our adding capacity in minimum units to meet demand increases their order flexibility while reducing excess inventory. This is a definite increase in *Value to Customers (V)*.

This has proven to be a much more efficient approach to investing in capital equipment for the Electronic and Mechanical Components Business. As one example, we have reduced floor space requirements to one-fifth of the space needed just 10 years ago. We are using this 1/n reduction factor in a number of other areas as well, including other types of capital equipment, manufacturing, and energy usage.

1/n Reduction in the Electronic and Mechanical Components Business (Ex. Switch manufacturing line)



3. A New Education Program: The ROIC Dojo

In February 2015, we started a new program to spread awareness of Management by ROIC 2.0. This program, called the *ROIC Dojo*, sends *ROIC Ambassadors* to visit Omron employees where they work, encouraging an awareness and proper understanding of how we measure our progress using return on invested capital as an indicator. Through communicating with these Ambassadors front-line workers are able to gain a deeper appreciation of how their day-to-day activities affect delivery of value to the customer.

Honestly speaking, even when we understand the ROIC concept intellectually, we tend to focus our efforts on incremental improvements or the idea of reduction. That is why the *ROIC Dojo* isn't just about one-way communications. It's about getting everyone to use this knowledge to make leaps ahead in our business. Moving forward, we must focus on profitability if we are to make significant ROIC gains. At the same time, we must invest management resources for greater growth. Our

employees will play a critical role in our success by taking the initiative to adopt Management by ROIC 2.0 into their own work, delivering higher levels of customer and corporate value.

At the root of the Omron Principles is Our Mission: To Improve Lives and Contribute to a Better Society. Reading back over this mission, I believe that the interpreted formula closely mirrors this ideal. Management by ROIC encourages the potential of our employees (our ultimate management resource), drives us to create inspired solutions for the future (added value for the customer), and inspires us to pursue new challenges. We need the effort of every individual as well as a consolidated commitment as a team. ROIC is the measure that binds us together towards a shared goal. You can expect Omron to continue put the Omron Principles into practice, welcoming new ideas and practices to improve lives and contribute to a better society.

Management by ROIC at Omron Automotive Electronics, Inc.

Omron Automotive Electronics, Inc. is one of the major centers of the AEC Business, producing and designing components for major auto manufacturers in the U.S. and the EU.

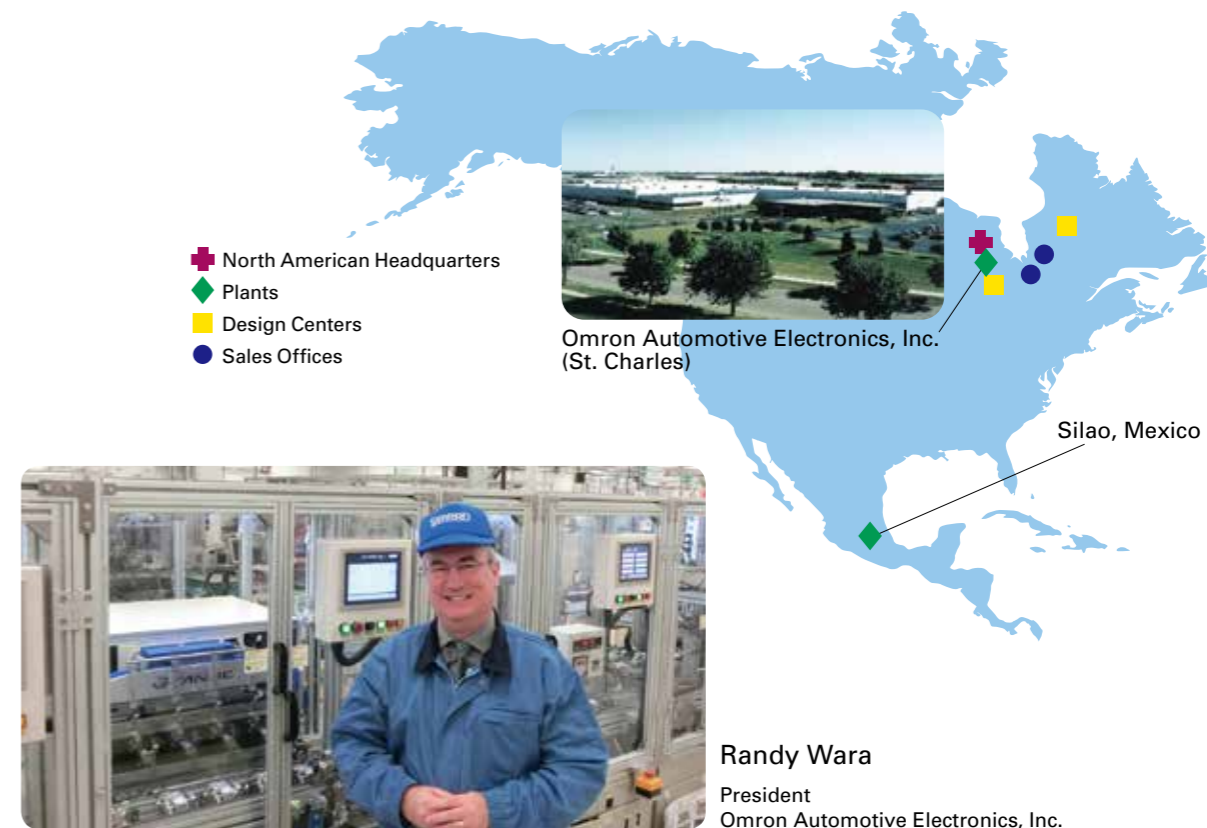
The automobile components industry demands low-cost, high-quality components from its suppliers. Here, our use of ROIC as a performance indicator is incredibly useful in keeping staff and management focused on operational efficiency. We have set key performance indicators based on Down-Top ROIC Tree linking our measures of performance directly to front-line activity. At the same time, we use portfolio management techniques to make decisions for optimal resource allocation.

Last year, we spent a great deal of time studying whether restructuring our business would allow us to practice ROIC management at a higher level. As a result, we have decided to restructure our processes for more efficient

development, production, and logistics. At the same time, we are looking at shifting production ratios between our Chicago plant and our new plant in Mexico (opened in 2012) to maximize our ability to compete in North America. More specifically, we plan on assigning production to each plant according to product type, based on production cost structures and the particular strengths in each location.

The automobile industry will only demand more from its suppliers in the future. Developments in automated driving and fuel efficiency will require high-tech, highly accurate controllers. This presents a unique opportunity for Omron and our core sensing and control technologies. Working closely with our customers in the U.S. and the EU, our AEC Business will be in a position to create value and maximize investment returns through ROIC-based management practices.

Automotive Electronic Components North America



Randy Wara
President
Omron Automotive Electronics, Inc.

Interview with Fumio Tateishi and Kazuhiko Toyama

Toward Effective Corporate Governance

Omron Corporation and Corporate Governance: A Path, Not a Destination

Fiscal 2014 was a year in which many public companies looked to corporate governance as a means to rebuild their earnings capacity. Following Japan's Corporate Governance Code, issued on June 1, 2015, we met with Mr. Fumio Tateishi, Chairman of the Board of Omron Corporation, and Mr. Kazuhiko Toyama, president and CEO of Industrial Growth Platform, Inc. and outside member of the Omron Board of Directors to discuss Omron's corporate governance.

Kazuhiko Toyama
President and CEO,
Industrial Growth Platform, Inc.
Outside Director, Omron Corporation

Fumio Tateishi
Chairman of the Board,
Omron Corporation

— Can you give us a brief history of corporate governance at Omron Corporation?

Tateishi: We can trace the roots of governance at Omron back to 1996. At the time, our chairman Nobuo Tateishi was a member of the management advisory group of the Organization for Economic Cooperation and Development (OECD). His service with the OECD instilled in him the importance of corporate governance, and under his guidance Omron established the Personnel Advisory Committee in 1996. In 1999, we reduced the number of Omron board directors from 30 to 7, and adopted an executive officer system at the same time. This was the key turning point for Omron as a company. Since then, we embarked on a path of improved corporate governance. In 2001 we brought in our first outside director, and in 2003 we separated the positions of chairman of the board and CEO. We also established the Compensation Advisory Committee at that time, chaired by an outside director. In 2006, we set up the CEO Selection

Advisory Committee, also chaired by an outside director. And, in 2008, we established the Corporate Governance Committee, which is a committee that consists entirely of outside directors as members. Beginning fiscal 2014, we adopted medium-term performance bonuses. The past 20 years has truly been a path and process of Omron Corporation^{*1} building a better and stronger corporate compliance structure. The Omron you see today is the cumulative result of our steady efforts to enhance long-term corporate value over the years.

^{*1} See P. 65 for more.

— Toyama-san, as a member of the Council of Experts Concerning the Corporate Governance Code, and Tateishi-san, from your perspective as a corporate leader, what do you believe is the significance of the new Japan's Corporate Governance Code to Japan's public companies?

Toyama: Governance is a means to improving a

company, and not an end objective in itself. The first consideration of corporate management is the long-term growth of their company. The Corporate Governance Code offers one model for this, but it isn't necessarily something that needs to be implemented verbatim. At the end of the day, it's the responsibility of the company to build corporate value. As long as they can do that—with or without the Code—then they have accomplished their duty. They don't necessarily have to comply with the Code as long as they can explain what they do. In the same vein, corporate governance isn't a silver bullet. It's something you need to address honestly and work on over the course of time.

Tateishi: As I mentioned earlier, Omron Corporation has been engaged in a 20-year process of improving governance to build sustained corporate value. We saw the publication of the Corporate Governance Code as another chance for us to examine and systematize our own corporate governance initiatives, and we view the Code as a helpful guide in this process. The system we formalized is what we published on June 24 in the

Omron Corporate Governance Policies^{*2}. Every member of our board of directors participated in the deliberations and decisions leading up to the announcement of this policy. It provided us an opportunity to stand before our shareholders and stakeholders and proudly present our beliefs about corporate governance at Omron.

^{*2} See P. 65 for more.

Toyama: I don't think Omron could have hoped for better timing between revising the Omron Principles and introducing the Corporate Governance Policies.

Tateishi: We officially announced the revised the Omron Principles in May 2015. As you say, it was very good timing. At the time that President Yamada took over in 2011, we all felt that our employees had come to interpret our corporate philosophy as simply doing things correctly. We needed more awareness of creating solutions to social needs and challenging ourselves, which lie at the roots of the foundation of Omron as a company. So, in January 2014, the board of directors began discussing how to best go about improving

“Omron Principles are the basis that connects oversight and supervision all the way through to business execution”



Fumio Tateishi

sustainable value at Omron. We identified several issues, one of which was the conclusion that a solely defensive approach to governance was insufficient. We needed to employ a more active style of governance and create even higher levels of corporate value if we were to accomplish all of the goals of our long-term vision (VG2020). Based on these discussions, we embarked on a major project to revise the Omron Principles, determined to embrace the Omron Principles in our business to a level we had never fully achieved in the past. Just by coincidence, the Japanese government began talking about establishing a

Japan's Corporate Governance Code at about that same time. I remember thinking what a stroke of good timing it was.

— As the chairman of the board of directors and as an outside director, what do you focus on in enhancing sustainable corporate value? What issues do you see ahead for Omron from your individual perspectives?

Tateishi: As chairman of the board of directors, I believe that we must use the Omron Principles to connect the entire process from oversight and supervision all the way through to business execution, speeding up decision making to enhance corporate value. As our internal and external environment changes, I understand that governance is not something that is ever “finished.” We need to humbly keep working to move forward and build higher levels of value. I believe that one of the issues Omron is facing is the globalization and diversification of our board of directors. As the first step, we were privileged to welcome Kuniko Nishikawa as the first-ever female outside director at Omron in 2015. Obviously, we will continue to address this issue in more ways in the future.

Toyama: In terms of oversight and supervision, my role is almost entirely in the sphere of monitoring. However, since Omron is a company with an audit and supervisory board, I am involved in several important areas that affect the company's continuation as a corporation. Other than that, I essentially keep out of the business of executive decision-making. The CEO Selection Advisory Committee, where I serve as the chair, makes decisions about the current CEO's performance as a manager, as well as about appropriate future candidates for the CEO position. I have the chance to form my own impressions of different individuals through interaction with candidates outside formal board meetings. I had no reservations when we selected Yamada-san as the next president of Omron. From my own personal dealings, I knew he was a

person blessed with generous talents and a well-suited personality. I do echo Tateishi-san in saying that board of director diversity is an issue for Omron. People of different genders and nationalities bring different opinions to the debate, which I believe can only lead to a new, heightened awareness. Diversity among executive officers is another challenge. A lack of diversity on the board and among executive officers results in less-constructive discussions than could be generated otherwise. Diversity sharpens deliberations and decisions. I am sure that people of different nationalities, cultures, and histories interpret the Omron Principles in different ways. Reconciling and understanding different social values creates a certain kind of conflict that results in better ideas. If Omron Corporation is to grow as a global company, diversity on the board and among executives is of particular importance.

— Please tell us more about your thoughts on Omron's sustained long-term growth.

Tateishi: No matter how much time and effort you put into writing guidelines and policies, they won't function in practice without an essential underlying spirit or soul. The Omron Principles are the heart and soul of Omron as a company. As we put true spirit into policies and rules, we increase our value as a corporation. This is what makes Omron the company that it is, and I believe this is one of our unique strengths.

Toyama: It's the management structure, decisions, and activities as a company that determine whether corporate policies are just for show or whether they are truly a part of the company. Rules for the sake of rules, true intent, formalities, and reality all have a reciprocal relationship. Decisions that are mostly formality combined with integrity of action can create a cycle that ties directly to a company's ability to earn. This cycle results in policies and principles that ultimately become a true part of the company. I think this cycle is working very effectively at Omron today. But companies should always innovate and reform,

constantly monitoring this cycle. In my opinion, Omron has been innovating and reforming in terms of corporate governance for nearly 20 years. The ability to constantly evolve is perhaps the most valuable intangible asset a company has. We tend to let down our guard when the money is rolling in, but companies that relax when things are going well will inevitably backslide.

Tateishi: Omron will continue to focus on enhancing corporate value looking toward our 100th anniversary and well beyond. We will continue to work hard to earn the ongoing support and trust of our shareholders and other stakeholders.

Kazuhiko Toyama



“Diversity in management is one of Omron's challenges”

Factory Tour Industrial Automation Business Kusatsu Plant

The Omron Kusatsu offices opened in Japan's Shiga Prefecture in 1961. The campus includes the Kusatsu Plant, which produces high-function industrial controllers and sensors. Besides production, this plant also develops new core technologies, standardizes production expertise across our organization, and plays a major role as a source of information for Omron global development.



Small-Lot Production for More than 4,000 Products

The ongoing goal of the Kusatsu Plant is to match machine and human in optimal ways for production line efficiency. One example of this technology is automated delivery of components to the workers. Sensors detect whether correct parts have been selected or if parts have been overlooked by the assembly workers. This kind of automation allows workers to maximize their skills, while letting the plant respond flexibly to the frequent process and demand changes that accompany this type of low-volume, highly diversified production.

Main Products



Look at This!

A Beautiful Production Line is an Efficient Production Line

To Omron, beauty in manufacturing means that the entire production flow and any changes or unusual activity are immediately visible. Standardized line direction, width, and work surfaces provide a uniform layout highly appraised by plant visitors.



Programmable Controller Production Process

Printed Circuit Board Installation

Programmable controllers include printed circuit boards. During the mounting process, workers install electronic components and memory onto the circuit boards.



Printed Circuit Board Line



Components Mounted on Circuit Boards



Completed Circuit Board

Assembly

Printed circuit boards and other components are assembled to create a programmable controller. Workers operate in a compact U-shaped production line with tools and components all within easy reach.



U-Shaped Cell Production Line



A worker assembles programmable controllers



Completed programmable controllers

Omron Improves Productivity through Information and Communications Technology

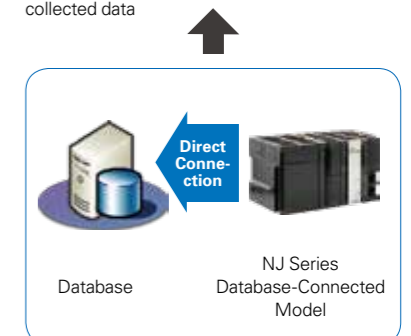
Today, we're relying on Big Data for further productivity and quality improvements, providing greater visibility into our production process. We've installed a system that uses our own controllers to send continuous production line updates and the status of individual products directly to a database.

This new system lets us collect much more detailed information for greater insights into our production process. Traditionally, we relied on worker experience and intuition to improve production efficiencies. Today, however, we have made dramatic leaps forward in assessing efficiency, cutting the time we take from issue identification to improvement implementation by more than 80%. In some areas, we have seen as much as 30% gains in actual productivity on our lines.

Big Data still holds plenty of future potential for us. Moving forward, we plan to collect and analyze all manner of data to address issues before they happen. Eventually, we hope to create a non-stop, perpetual production line.



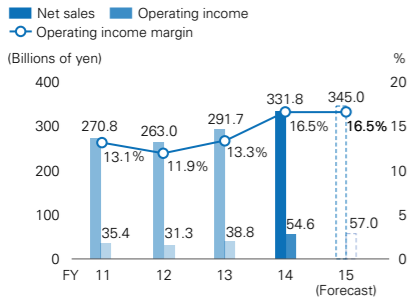
Engineers identify issues based on collected data



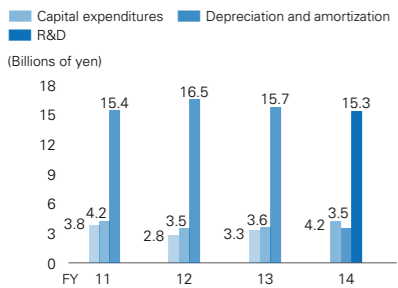
At a Glance

Industrial Automation Business (IAB)

Net Sales/Operating Income/Operating Income Margin



Capital Expenditures/Depreciation and Amortization/R&D

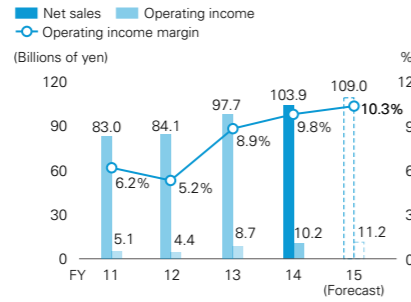


Yutaka Miyanaga

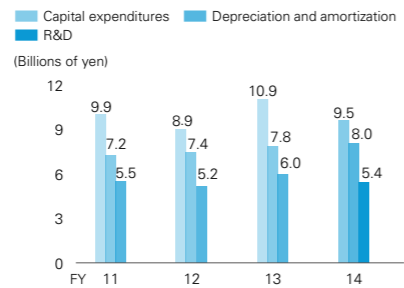
Senior Managing Executive Officer
Company President,
Industrial Automation Company

Electronic and Mechanical Components Business (EMC)

Net Sales/Operating Income/Operating Income Margin



Capital Expenditures/Depreciation and Amortization/R&D

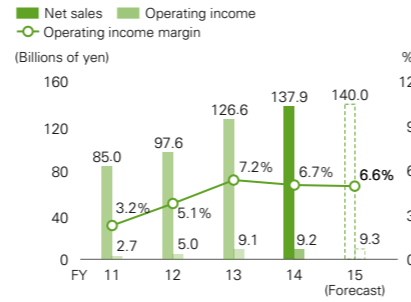


Kenji Matsunami

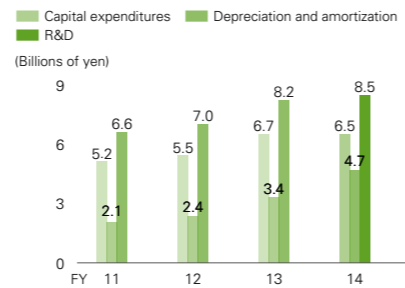
Managing Executive Officer
Company President,
Electronic and Mechanical Components Company

Automotive Electronic Components Business (AEC)

Net Sales/Operating Income/Operating Income Margin



Capital Expenditures/Depreciation and Amortization/R&D



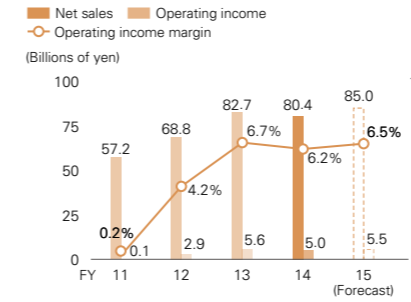
Katsuhiko Wada

Managing Executive Officer
President and CEO,
OMRON Automotive Electronics Co., Ltd.

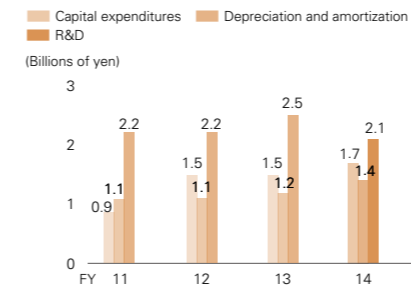
Notes: 1. During fiscal 2013, certain divisions of the EMC were included in the IAB due to a change in management categorizations. Segment information for fiscal 2012 and earlier has been restated to reflect this change.
2. Fiscal 2015 forecasts are those as originally disclosed on April 27.

Social Systems, Solutions and Service Business (SSB)

Net Sales/Operating Income/Operating Income Margin



Capital Expenditures/Depreciation and Amortization/R&D

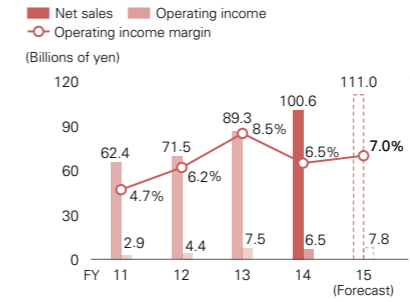


Toshio Hosoi

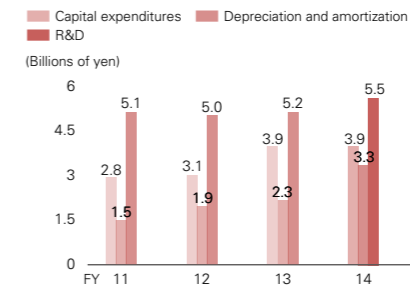
Managing Executive Officer
President and CEO,
OMRON SOCIAL SOLUTIONS Co., Ltd.

Healthcare Business (HCB)

Net Sales/Operating Income/Operating Income Margin



Capital Expenditures/Depreciation and Amortization/R&D

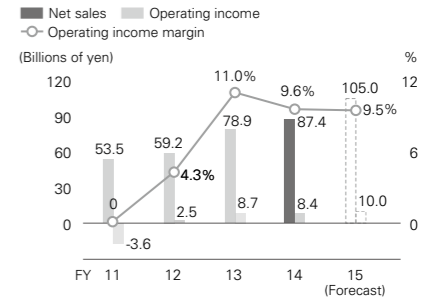


Isao Ogino

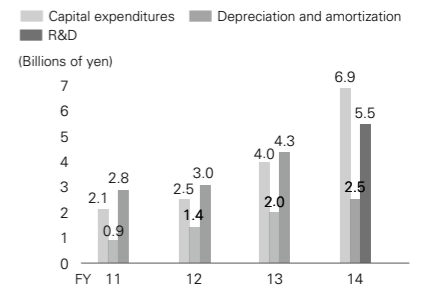
Managing Executive Officer
President and CEO,
OMRON HEALTHCARE Co., Ltd.

Other Businesses

Net Sales/Operating Income/Operating Income Margin



Capital Expenditures/Depreciation and Amortization/R&D



Shizuto Yukumoto

Managing Executive Officer
Senior General Manager,
Environmental Solutions
Business HQ

Shigeki Fujimoto

Managing Executive Officer
Senior General Manager,
Business Development HQ



About Omron

Where We're Headed

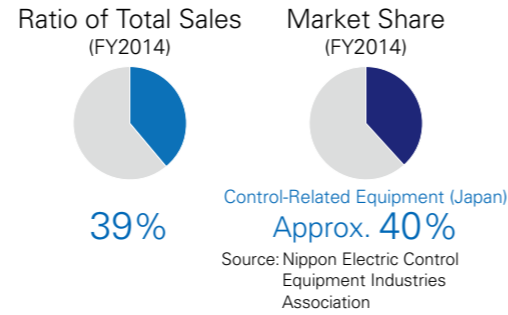
Corporate Value Initiatives

Corporate Value Foundation

Financial Section

Industrial Automation Business (IAB)

Manufacture and sales of factory automation equipment



Fiscal 2014 in Review

Worldwide revenue and profit gains drive Omron earnings

Revenues in Japan were up year on year, reflecting an uptick in the economy, as well as heavy capital spending in the automobile and electronic components sectors.

Overseas, a weaker yen resulted in solid earnings performance in all regions. In the Americas, demand in the U.S. automobile industry and growth in the oil and gas business contributed to higher revenues. A gradual economic recovery in Europe helped push growth in that region. We saw major growth in sales

to the electronic component industries in Asia, despite currency weaknesses in certain Asian nations. Greater China was another source of significant growth, particularly in the electronic components market.

Operating income kept pace with net sales increases for the year. A weak yen, combined with sales of higher value-added products to emerging economies, contributed to higher overall revenue and profit gains compared to the prior fiscal year.

Fiscal 2015 Forecast and Strategies

Push toward record earnings

We have set a target of ¥345 billion for fiscal 2015 net sales (4% year-on-year gain), with operating income scheduled to reach ¥57 billion (4.4% increase). These figures will represent another record high for our revenues and profits. In Japan, we expect to see strength in the automobiles, electronic components, and semiconductor sectors. Overseas, we project slowing growth in China and lower demand in the oil and gas business due to low crude prices. On the other hand, we forecast higher capital spending for automobiles and electronic components, as well as more investment in

manufacturing automation among emerging countries.

The advanced nations of the world aren't the only ones struggling with labor problems. Lately, even emerging economies are dealing with worker shortages and rising demands for safer, higher-quality manufacturing. The market is changing, and we believe that automation is going to be the long-term answer.

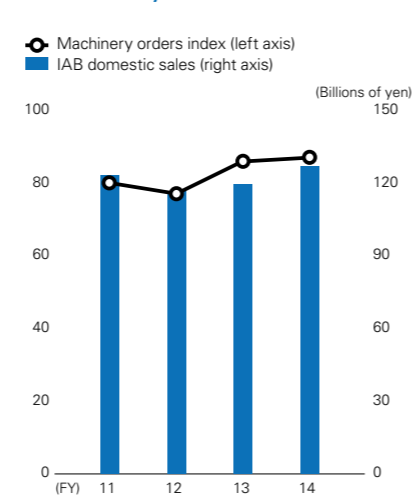
The Industrial Automation Business leverages our expansive product line and global business infrastructure and services network to deliver valuable products and services to our customers around the world. We grow by helping our customers grow.

Earnings and Projections

	(Billions of yen)				
	FY2011*	FY2012*	FY2013	FY2014	FY2015 (Forecast)*
Net sales	270.8	263.0	291.7	331.8	345.0
Japan	123.1	116.3	119.4	126.7	137.0
Overseas	147.7	146.7	172.3	205.1	208.0
Americas	29.3	31.6	36.9	47.6	44.0
Europe	55.3	50.4	61.9	67.8	66.0
Asia Pacific	25.3	24.7	28.9	34.1	37.5
Greater China	36.8	39.4	43.8	55.0	60.0
Direct Exports	1.0	0.6	0.8	0.7	0.5
Operating income	35.4	31.3	38.8	54.6	57.0
Operating income margin	13.1%	11.9%	13.3%	16.5%	16.5%
R&D expenses	15.4	16.5	15.7	15.3	
Depreciation and amortization	4.2	3.5	3.6	3.5	
Capital expenditures	3.8	2.8	3.3	4.2	

* See notes on P. 43.

Machinery Orders Index*



* Machinery orders index calculated by Omron based on Cabinet Office (Japan) reports. IAB domestic sales generally correspond to trends in the machinery orders index.

Market Growth Drivers Emerging economies expand investment in automation

Strengths Extensive product lineup; global business infrastructure and services network

We Solve Societal Issues

How to deal with global labor shortages

5% to 10%

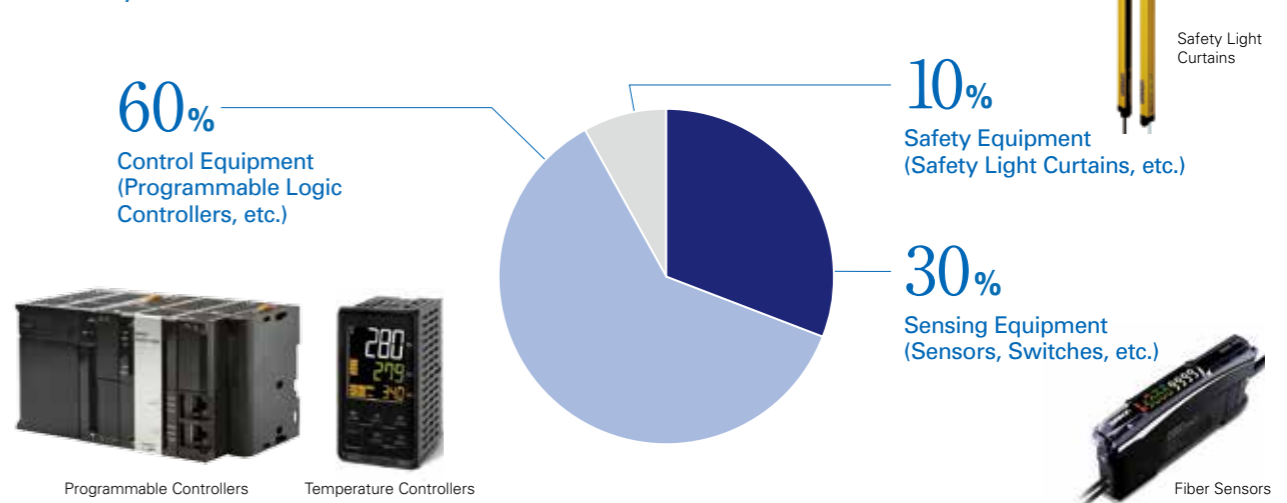
Projected annual growth rate in the vision sensor market (IMS Research, Other)

From manual inspection to automated inspection using vision sensors

The automobile, electronic components, and food industries are relying more and more on vision sensors to perform automated inspection work. Emerging economies have traditionally relied on manual inspections in their manufacturing processes. But labor shortages and demands for higher quality mean that even these nations are looking to use vision sensors in more cases. Drawbacks in the manual inspection process include worker exhaustion, human error, and difficulty in detecting minor variances. On the other hand, vision sensors can conduct highly precise inspections non-stop, 24 hours a day. Vision sensors can easily track high-speed manufacturing lines, which would be impossible for the human eye to follow. By providing advanced products, we will contribute to the future development of production lines.

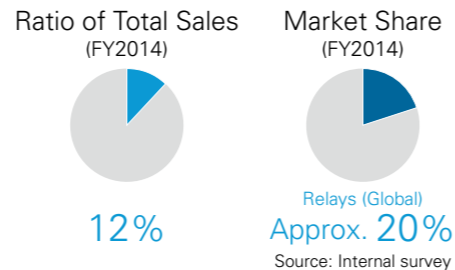


Sales by Product (Fiscal 2014)



Electronic and Mechanical Components Business (EMC)

Manufacture and sales of electronic components for consumer electronics, automobiles, mobile devices, and amusement equipment



Fiscal 2014 in Review

Strong performance in sales to the consumer and commercial products, automobile industries

In Japan, revenues underperformed prior-year levels. With the exception of consumer electronics, sales of products and services to the consumer and commercial products market were level year on year. Higher consumption tax rates placed downward pressure on demand for consumer electronics and automobiles.

Overseas, favorable exchange rates continued to have a positive impact on segment earnings. In particular, we leveraged new projects to expand our

share of the Greater China consumer electronics market, reporting strong earnings in the consumer and commercial products sector. Sales to the consumer and commercial products sector in the Americas and Europe were likewise strong, while steady demand for products in the automobile industry also contributed significantly to earnings in Asia.

Higher revenues and ongoing cost-reduction measures, along with favorable exchange rates, helped push operating income higher.

Fiscal 2015 Forecast and Strategies

New businesses in new markets

We have set a target of ¥109 billion for fiscal 2015 net sales (4.9% year-on-year gain), with operating income scheduled to reach ¥11.2 billion (10.1% increase). Although we have several new products in the pipeline, we expect earnings in Japan to be level with the prior year, reflecting sluggishness in certain sectors. Overseas, we plan on higher environment-related relay sales and winning more demand in the automobile industries of China and the Americas.

We forecast significant growth in the industries

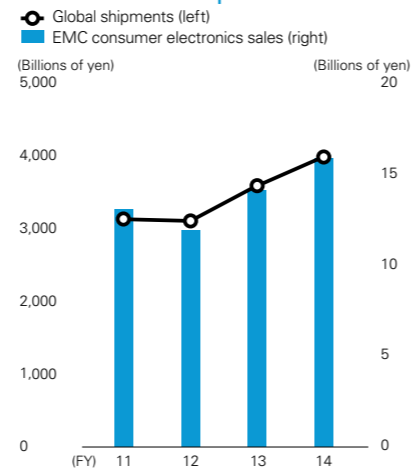
that play to our strengths, including the automobile and consumer electronics markets. We intend to release new products that solve customer issues in the medical and building automation sectors, which represent new markets for us. We also have plans to install more compact production lines. This in turn will result in shorter lead-time from development to mass production to market launch, allowing us to respond quickly to changes in the markets and customer expectations.

Earnings and Projections

	(Billions of yen)				
	FY2011*	FY2012*	FY2013	FY2014	FY2015 (Forecast)*
Net sales	83.0	84.1	97.7	103.9	109.0
Japan	25.3	26.7	28.1	23.9	24.0
Overseas	57.7	57.4	69.6	80.0	85.0
Americas	13.2	13.1	16.6	18.1	19.0
Europe	12.9	11.3	14.7	15.9	15.5
Asia Pacific	7.6	7.1	8.7	10.1	12.0
Greater China	22.7	24.6	28.7	35.0	38.0
Direct Exports	1.3	1.4	0.9	0.9	0.5
Operating income	5.1	4.4	8.7	10.2	11.2
Operating income margin	6.2%	5.2%	8.9%	9.8%	10.3%
R&D expenses	5.5	5.2	6.0	5.4	
Depreciation and amortization	7.2	7.4	7.8	8.0	
Capital expenditures	9.9	8.9	10.9	9.5	

* See notes on P. 43.

Global Shipments of Electronic Components



Source: Japan Electronics and Information Technology Industries Association
Fiscal 2014 EMC consumer electronics sales moved higher, in step with global shipment increases.

Market Growth Drivers

- Higher incomes in emerging economies leading to growth in demand for consumer electronics and automobiles
- Needs for more functionality in consumer electronics resulting in demand for more installed components

Strengths

Manufacturing capacity (product quality, cost-reduction activities, etc.)

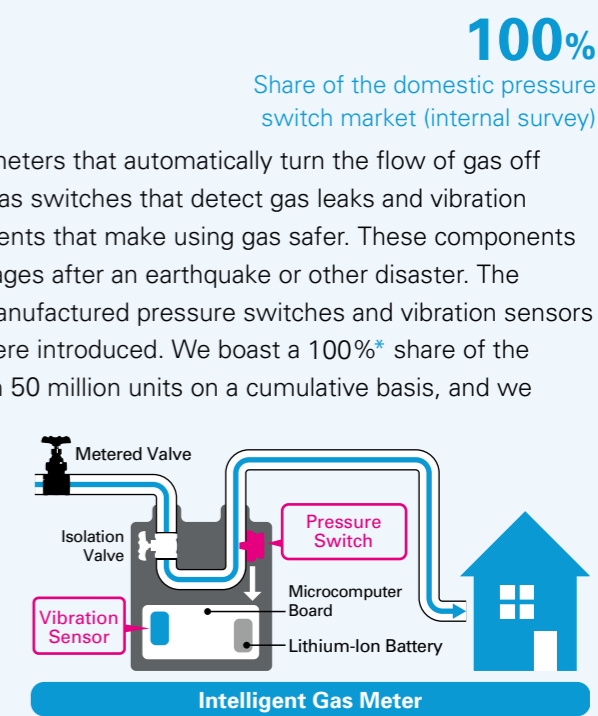
We Solve Societal Issues

A lifeline in times of emergency

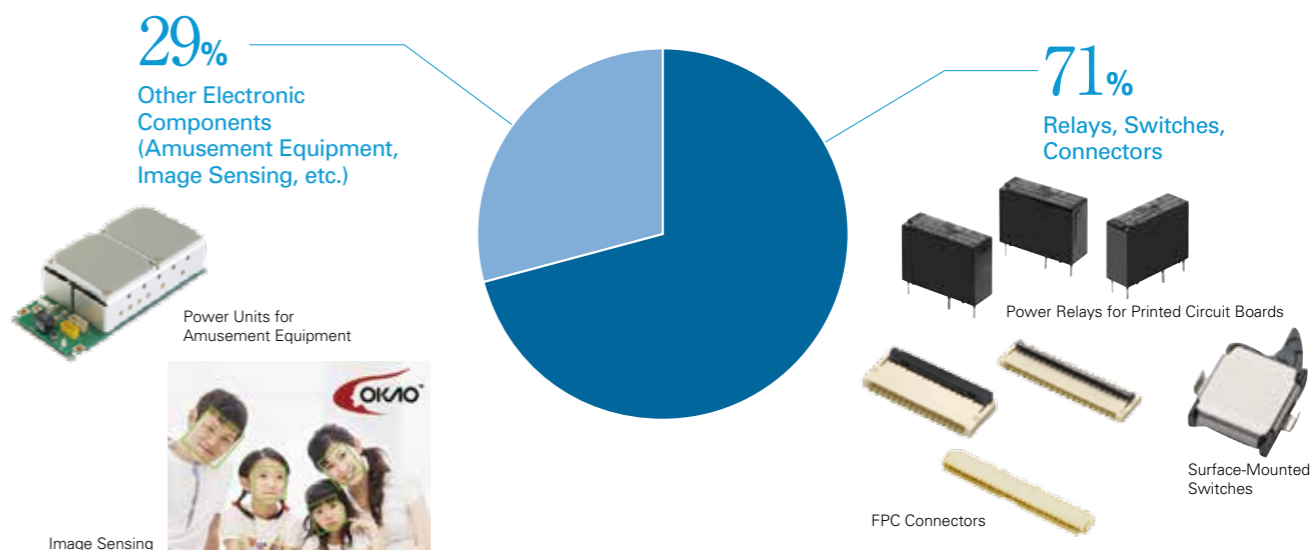
Making gas appliances safer and more secure

Japanese laws require the installation of intelligent gas meters that automatically turn the flow of gas off when a leak or major earthquake is detected. Pressure gas switches that detect gas leaks and vibration sensors that detect earthquakes are two critical components that make using gas safer. These components also play an important role in preventing secondary damages after an earthquake or other disaster. The Electronic and Mechanical Components Business has manufactured pressure switches and vibration sensors for more than 30 years—ever since these safety laws were introduced. We boast a 100%* share of the domestic pressure switch market, having sold more than 50 million units on a cumulative basis, and we continue to develop technologies that improve the capability of pressure switches and vibration sensors to detect dangerous events. This is just one way that we speed the recovery process and provide a lifeline to citizens in times of emergency.

* Internal survey

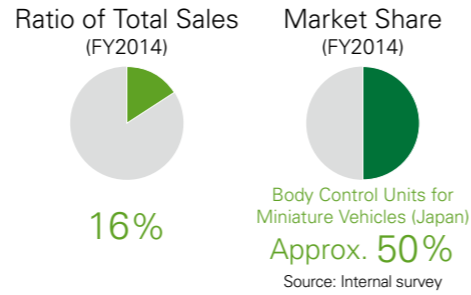


Sales by Product (Fiscal 2014)



Automotive Electronic Components Business (AEC)

Development, manufacture, and sales of on-board automobile electronic components



Fiscal 2014 in Review

Strong earnings in North America; growth in China/Asia despite economic slowdown

Revenues in Japan were down year on year, mainly due to higher consumption taxes and slow demand among certain customers.

Overseas, favorable exchange rates contributed to sharply higher earnings compared to the prior fiscal year. A strong U.S. economy drove revenues in North America, while a more gradual recovery in

Europe still supported revenue growth in that region. We found revenue gains in China and the nations of Asia, pushed by slightly weaker—but still positive—economic growth.

Revenue growth and the weakness of the yen were two major factors contributing to significant operating income gains overseas.

Fiscal 2015 Forecast and Strategies

Focus on North America and emerging economies; new business projects for greater growth

We have set a target of ¥140 billion for fiscal 2015 net sales (1.5% year-on-year growth), with operating income scheduled to reach ¥9.3 billion (0.8% growth). We expect domestic revenues to decline, mainly due to bearish automobile demand. Looking overseas, we forecast overall growth, supported by strong North American markets. At the same time, it is difficult to predict the direction of the economies of China and other Asian nations with any certainty.

To drive growth under the EARTH-2 STAGE (FY2017-2020) plan, we will focus on developing products that solve new needs arising in our car society. We will also look beyond products that answer the stated needs of our clients, actively seeking answers to future car society issues.

We intend to answer the challenges presented by the goals set in Omron's long-term vision (VG2020), winning new projects and building a foundation for a new stage of growth.

Market Growth Drivers

- Stable growth in automobile demand; higher installation rates of electronic automotive components in emerging markets
- Increase in electronic automotive components for safety and environmental impact reduction

Strengths

- Development and production delivering high-quality electronic components
- Relationships of trust with a wide range of customers as an independent supplier
- Ability to work closely with customers to plan and develop products that anticipate future car society needs

We Solve Societal Issues

A more environmentally responsible car society

5% to 10%
Fuel efficiency gains from idle-off technology

Idle-off for better fuel efficiency

Stricter CO₂ laws and rising consumer awareness of their own carbon footprint have driven improvements in automobile fuel efficiency. One example is the popular idle-off function that has become a more visible feature over the past few years. This function reduces the use of fuel when a driver stops their car, leading to expected fuel efficiency gains of 5% to 10%, depending on individual driving patterns. However, electric vehicles and hybrids can experience a dramatic drop in voltage once the car is restarted. This can interfere with car audio and other electrical systems. To solve this problem, we invented a compact, high-function DC/DC converter that provides stable voltage when starting after idle-off. Our business also produces a number of other products that contribute to fuel efficiency and smaller carbon footprints, including electronic power steering controllers, fuel pump modules, high-output DC/DC converters for hybrid vehicles, and more.

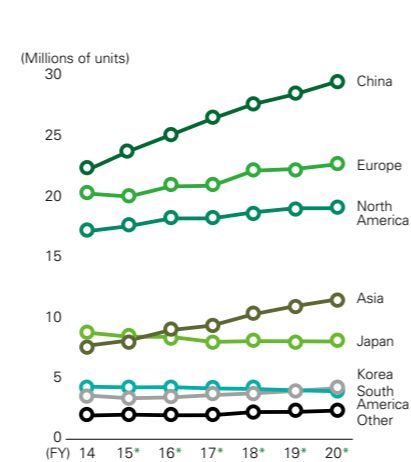


Earnings and Projections

	(Billions of yen)				
	FY2011	FY2012	FY2013	FY2014	FY2015 (Forecast)*
Net sales	85.0	97.6	126.6	137.9	140.0
Japan	28.9	30.2	28.4	25.9	20.0
Overseas	56.1	67.4	98.2	112.0	120.0
Americas	21.5	25.0	33.3	39.3	42.5
Europe	2.4	2.8	3.3	3.6	4.0
Asia Pacific	16.2	19.5	29.2	32.2	34.0
Greater China	9.5	13.9	25.4	29.9	32.0
Direct Exports	6.5	6.2	7.2	7.1	7.5
Operating income	2.7	5.0	9.1	9.2	9.3
Operating income margin	3.2%	5.1%	7.2%	6.7%	6.6%
R&D expenses	6.6	7.0	8.2	8.5	
Depreciation and amortization	2.1	2.4	3.4	4.7	
Capital expenditures	5.2	5.5	6.7	6.5	

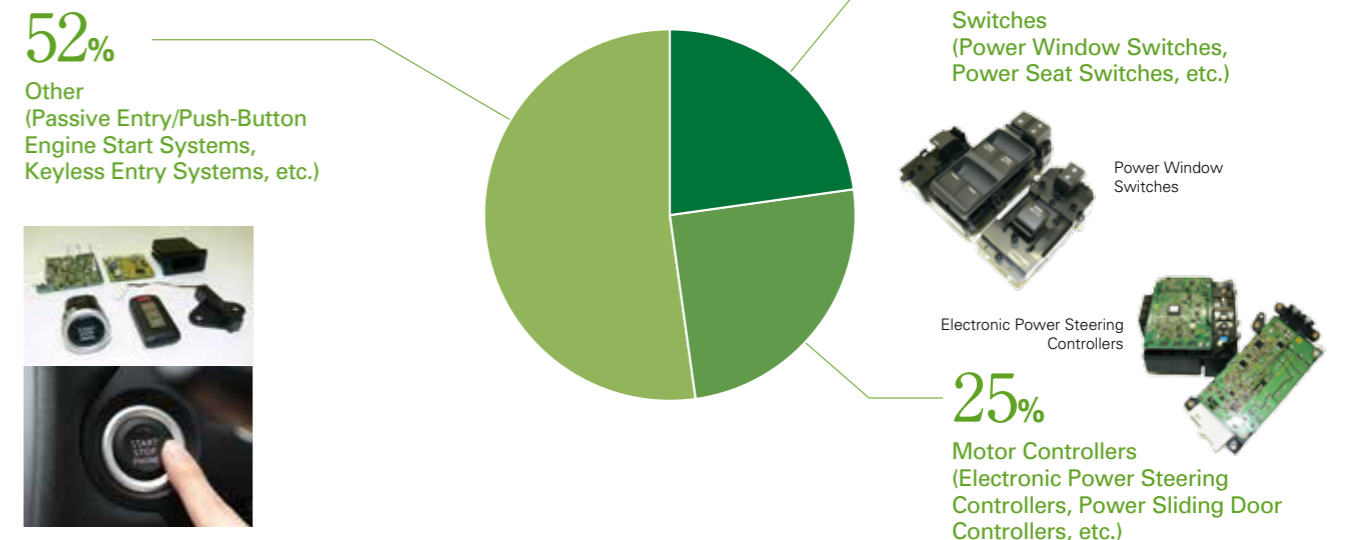
* See notes on P. 43.

Worldwide Automobile Production



* Forecast (as of May 2015)
Source: IHS Automotive
We expect notable growth in China.

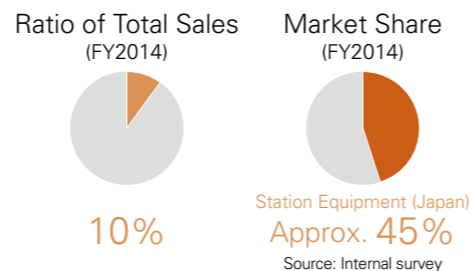
Sales by Product (Fiscal 2014)



Segment Information

Social Systems, Solutions and Service Business (SSB)

Solutions and services for a safer, comfortable, more secure society



Fiscal 2014 in Review

Strength overall; but weak capital spending results in lower revenues and profits

While our public transportation business experienced lower demand in the wake of last year's spending rush prior to Japan's consumption tax increases in Japan, we recorded strong revenue growth related to station equipment upgrades. As a result, this business reported overall net sales level with the prior fiscal year. We struggled to move the needle higher for traffic and road management system revenues, as weak capital spending resulted in lower revenues year on

year. Second-half demand for environmental solutions business products and services was weak among some customers. However, sales of solar power generation-related products remained strong throughout the year, leading to higher year-on-year revenues for environmental solutions.

Operating income was down year on year, mainly due to lower revenues.

Fiscal 2015 Forecast and Strategies

Provide answers to needs for safety, security, and the environment

We have set a target of ¥85 billion for fiscal 2015 net sales and ¥5.5 billion for operating income, representing year-on-year increases of 5.7% and 10.2%. We expect that rising demand for safety and security in transportation hubs (stations, etc.) will drive higher revenues for our public transportation business. Customers of our expressway business products are also calling for more safety and security features, which has led us to forecast higher revenues in our traffic and road management

systems business as well. In our environmental solutions business, we anticipate growing demand for solar power generation-related products to drive performance higher compared to fiscal 2014.

We plan to capture a greater share of new demand for safety, security, and the environment by offering unparalleled components and systems development, software development, and engineering services capabilities.

Market Growth Drivers

Increasing social needs for safety, security

Strengths

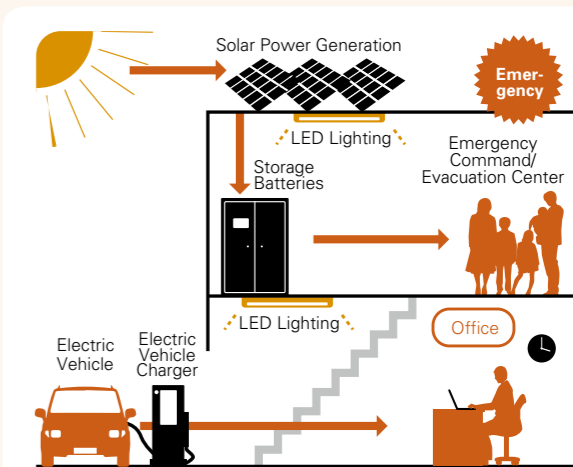
All-in-one solutions through our components and systems development, software development, and engineering services capabilities

We Solve Societal Issues

Business continuity planning systems

Integrated power systems for energy savings and emergency backup

We offer integrated power systems that combine solar power, storage batteries, and bidirectional chargers for electric vehicles. These systems offer customers the minimum power necessary to keep their businesses up and running in the event of a power outage or other unexpected event. During normal operations, power created by solar power systems is stored in batteries that power a company's electricity needs. This allows for both energy savings and a reduction in carbon footprint. A company can control electricity discharge at certain power levels from their storage batteries during summer peak usage, generating significant savings. However, our systems assist in something even more important than business continuity. Using our systems, companies can turn their facilities into a disaster shelter for use by the local community. As you can see, business continuity is just one way in which we plan to contribute to a safer, more secure society.

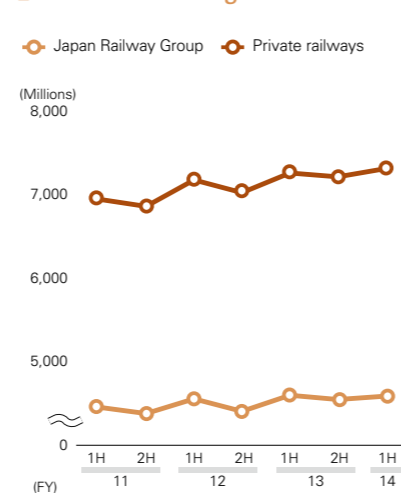


Earnings and Projections

	(Billions of yen)				
	FY2011	FY2012	FY2013	FY2014	FY2015 (Forecast)*
Net sales	57.2	68.8	82.7	80.4	85.0
Japan	56.9	68.5	82.4	79.1	83.5
Overseas	0.3	0.3	0.3	1.3	1.5
Americas	0	0	0	0	0
Europe	0	0	0	0	0
Asia Pacific	0	0	0	0	0
Greater China	0	0.1	0.2	0.3	0.5
Direct Exports	0.3	0.2	0.1	1.1	1.0
Operating income	0.1	2.9	5.6	5.0	5.5
Operating income margin	0.2%	4.2%	6.7%	6.2%	6.5%
R&D expenses	2.2	2.2	2.5	2.1	
Depreciation and amortization	1.1	1.1	1.2	1.4	
Capital expenditures	0.9	1.5	1.5	1.7	

* See notes on P. 43.

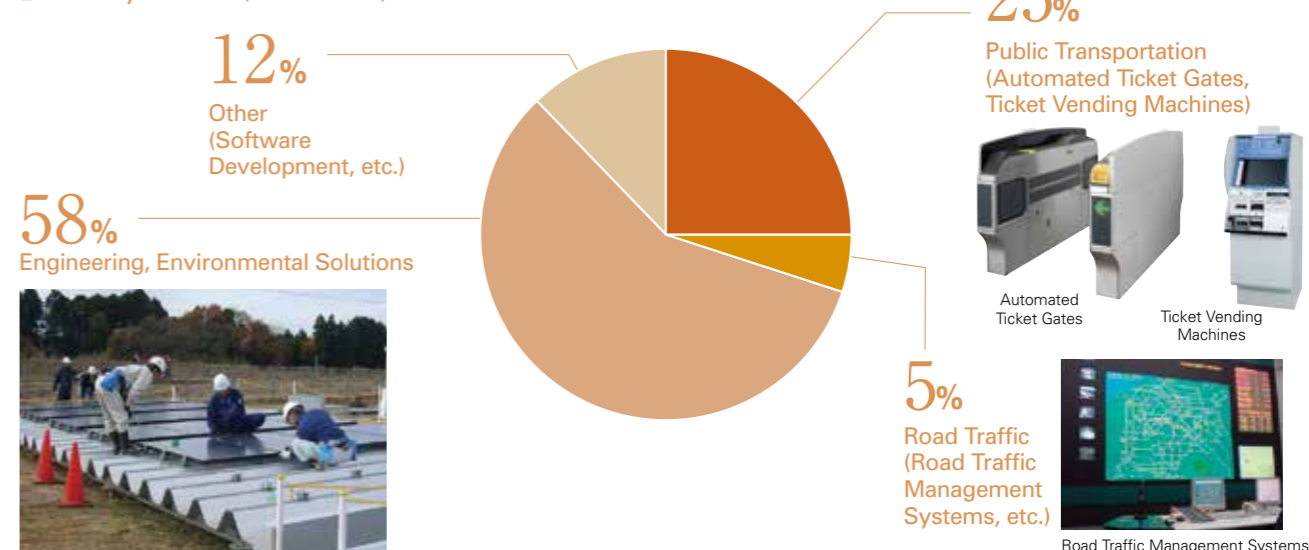
Railroad Passengers



Source: Rail Transport Overview, Ministry of Land, Infrastructure, Transport and Tourism

The Social Systems, Solutions and Service Business is involved in a wide range of markets. For example, our railway business is involved in everything from IC card system integration to new rail line construction. As such, we do not have a single economic indicator that correlates to our business.

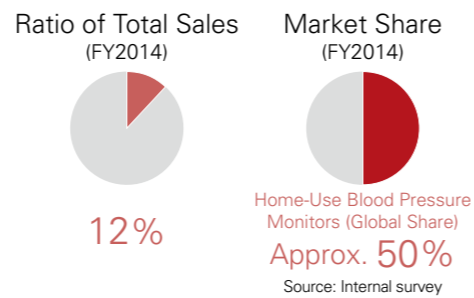
Sales by Product (Fiscal 2014)



Segment Information

Healthcare Business (HCB)

Manufacture, sales, and services related to home-use/institutional healthcare and medical devices



Fiscal 2014 in Review

Introduction of new products and health awareness in emerging countries drive higher revenues

Net sales in Japan increased year on year overall, despite higher consumption taxes on medical equipment and lower medical reimbursements. For home-use health and medical devices, massagers, and other new products—as well as in-store promotions—were all factors that contributed to strong earnings.

Overseas net sales increased sharply for the year, due in part to a weaker yen on the global currency markets. While revenues in Europe struggled to reach parity with the prior fiscal year, the North American

market provided strong demand for our transcutaneous electrical nerve stimulation equipment and other new products. The emerging economies have been showing increasing interest in personal health, which has been a factor aiding revenue growth in those nations.

Despite revenue gains for the year, operating income underperformed prior-year levels, mainly due to advanced investment activity and dramatic fluctuations in exchange rates during the second half of the fiscal year.

Fiscal 2015 Forecast and Strategies

Expand our sales network in emerging economies

We have set a target of ¥111 billion for fiscal 2015 net sales and ¥7.8 billion in operating income, representing 10.3% and 19.8% year-on-year growth. We believe market growth in Japan will be led by the rise of the status of women in society and increasing interest among younger consumers in personal preventive health care. Overseas, new products in North America and our fiscal 2014 acquisition of Brazilian nebulizer manufacturer NS Industria de Aparelhos Medicos Ltda. should contribute significantly to earnings. At the

same time, we expect to see major revenue gains in China and other Asian markets.

In newly emerging economies, changes in lifestyle customs will mean rising levels of lifestyle-related disease. While we cannot applaud the development, we do expect this trend to drive higher demand for lifestyle disease-related products and services. We also plan to expand the number of outlets for our global products in Asia, China, India, and Brazil. We intend to grow from 380,000 outlets currently to 450,000 outlets by the end of fiscal 2016.

Market Growth Drivers

Increase in patients with lifestyle-related diseases in emerging countries

Strengths

Brand recognition, cooperative relationships with medical and research institutions

We Solve Societal Issues

Treating respiratory diseases

Approx. 25%
Global share of the nebulizer market (internal survey)

Acquisition of Brazilian nebulizer maker extends our reach to respiratory patients throughout South America

In recent years, we have seen more cases of asthma, chronic obstructive pulmonary disease, and other respiratory diseases in emerging countries due to pollution and smoking. We have been focused on nebulizers for respiratory patients as the next core business after our blood pressure monitors. In October 2014, Omron acquired Brazilian nebulizer manufacturer NS Industria de Aparelhos Medicos Ltda., leapfrogging to the top share of the global market. Moving forward, we plan to speed up the process by which we supply products to Brazil and throughout South America.

The acquisition of NS has made the manufacturing approval process much quicker and easier. In the future, we plan to shift more product development and manufacturing to Brazil, including that of our blood pressure monitors and other products. We believe Omron expertise combined with NS facilities will give us a strong competitive advantage. We also intend to expand our sales channels in emerging countries, delivering more health and medical equipment to customers around the world.

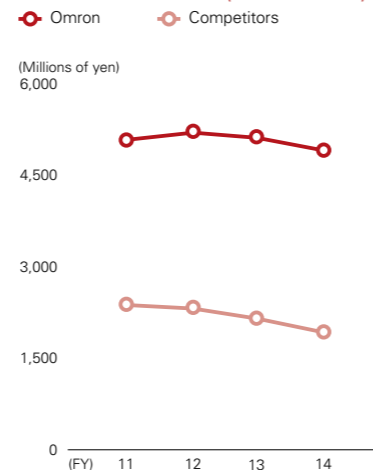


Earnings and Projections

	(Billions of yen)				
	FY2011	FY2012	FY2013	FY2014	FY2015 (Forecast)*
Net sales	62.4	71.5	89.3	100.6	111.0
Japan	27.2	29.5	30.8	31.4	33.5
Overseas	35.2	42.0	58.5	69.2	77.5
Americas	9.8	10.8	14.3	18.6	24.5
Europe	13.0	15.9	21.0	21.2	18.5
Asia Pacific	2.9	3.5	5.5	6.6	8.0
Greater China	8.6	11.1	17.3	22.4	26.0
Direct Exports	0.9	0.7	0.4	0.5	0.5
Operating income	2.9	4.4	7.5	6.5	7.8
Operating income margin	4.7%	6.2%	8.5%	6.5%	7.0%
R&D expenses	5.1	5.0	5.2	5.5	
Depreciation and amortization	1.5	1.9	2.3	3.3	
Capital expenditures	2.8	3.1	3.9	3.9	

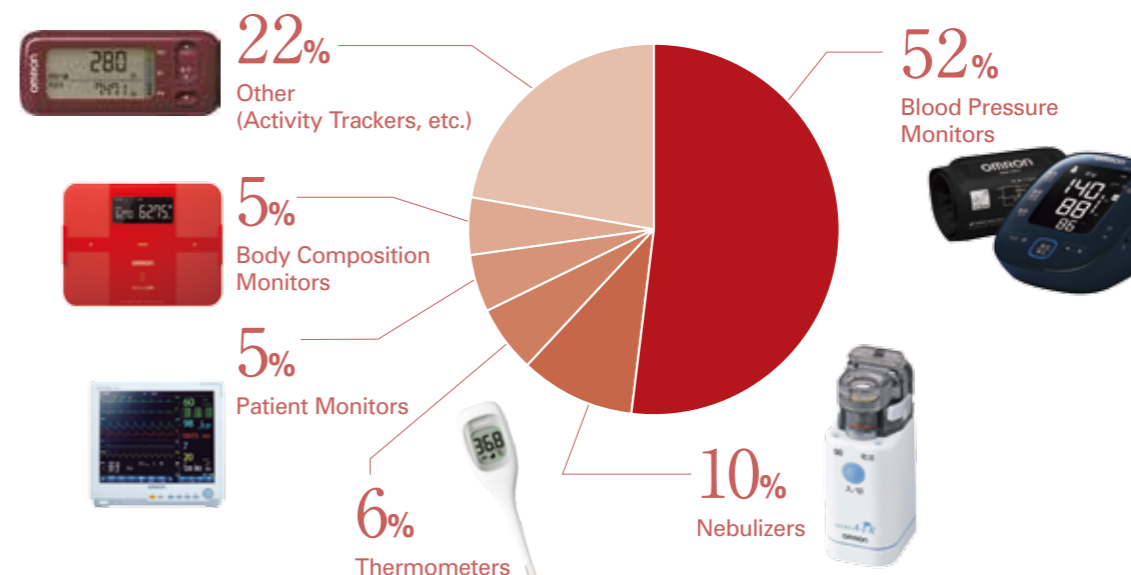
* See notes on P. 43.

Japanese Blood Pressure Monitor Market (Electronics)



Source: GfK
Slight weakening during fiscal 2014 due to higher consumption tax rates.

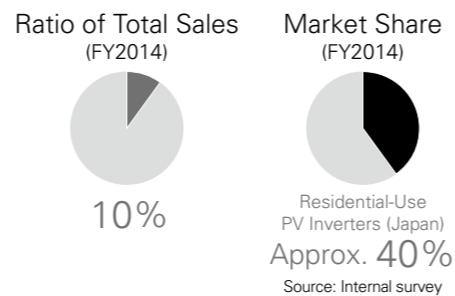
Sales by Product (Fiscal 2014)



Segment Information

Other Businesses

Mainly incubating Omron's next generation of businesses



Fiscal 2014 in Review

Environmental Solutions and Backlights Businesses contribute to revenues, despite some weakness in demand

During fiscal 2014, we reported wide revenue gains as a whole. On the other hand, operating income was down year on year, mainly due to significant advanced investment activity.

Despite some weakness during the second half of the year, demand in the Japanese market for PV inverters sold by our Environmental Solutions Business remained strong—a reflection of this nation's growing interest in renewable energy. Accordingly, Environmental Solutions reported higher year-on-year revenues overall.

Our Backlights Business likewise reported higher

revenues, owing to our ability to capture new demand for thin, high-function backlights used in smartphones. This product is the subject of increasing demand in Greater China and other regions.

Our Electronic Systems & Equipment Business recorded revenue gains due to strong sales of uninterruptible power supply units and industrial-use built-in computers, as well as for contract development and manufacturing services.

Our Micro Devices Business experienced revenue gains as well, citing high demand for smartphone microphones.

Fiscal 2015 Forecast and Strategies

Sharply higher earnings and profits driven by energy and smartphones

We have set a target of ¥105 billion for fiscal 2015 net sales and ¥10 billion in operating income, representing year-on-year increases of 20.2% and 19.5%.

We plan to grow our Environmental Solutions Business by generating demand and capturing market share for solar power hybrid storage systems and monitoring products. We intend to move ahead to become a total energy solutions business that helps

society generate, store, and use energy intelligently.

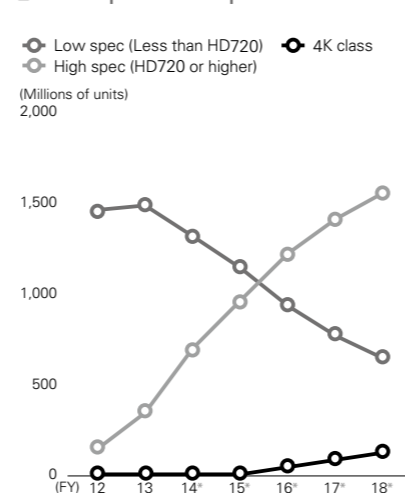
We plan to make capital investments in our Backlights Business to expand our production capacity. We also intend to reinforce specialists who will boost our development capacity and productivity. Given the strong demand in the market for thin backlights used in high-spec smartphones, we expect to see significant growth in this business.

Earnings and Projections

	(Billions of yen)				
	FY2011	FY2012	FY2013	FY2014	FY2015 (Forecast)*
Net sales	53.5	59.2	78.9	87.4	105.0
Japan	29.5	41.4	51.0	45.8	55.0
Overseas	24.0	17.8	27.9	41.6	50.0
Americas	0	0	0	0	0
Europe	0	0	0	0	0
Asia Pacific	0	0	0	0	0
Greater China	22.6	16.3	25.6	38.2	46.0
Direct Exports	1.4	1.5	2.3	3.4	4.0
Operating income (loss)	(3.6)	2.5	8.7	8.4	10.0
Operating income margin	—	4.3%	11.0%	9.6%	9.5%
R&D expenses	2.8	3.0	4.3	5.5	
Depreciation and amortization	0.9	1.4	2.0	2.5	
Capital expenditures	2.1	2.5	4.0	6.9	

* See notes on P. 43.

Smartphone Shipments



* Forecast (as of January 2015)
Source: DisplaySearch
We anticipate the market for high-spec smartphones to continue to grow.

In the Electronic Systems & Equipment Business, we plan to grow sales by expanding our uninterruptible power supply lineup.

Our Micro Devices Business should see higher revenues as well, driven by growing demand for smartphone microphones and pressure sensors.

We Solve Societal Issues

A new energy era

Approx. 5.2GW
PV inverter cumulative shipment volume (equivalent to five power plants)

Hybrid storage systems for solar power offer energy efficiency

Since its introduction in 2012, the feed-in tariff scheme has driven major revenue growth in the solar power generation market. Today, the energy-related markets in Japan are going through even more changes. Energy laws promulgated in January 2015 have been revised to deal with output restrictions, and we will see the complete deregulation of electricity retailing during 2016. We expect the future to bring more balanced energy supply and demand, as well as calls for even higher levels of energy-efficient operations. Here, the Environmental Solutions Business has responded by extending our PV inverter lineup and introducing a hybrid storage system for solar power.

This system lets customers consume or sell electricity generated during the daylight hours. It also allows them to store extra electricity to use during the night or in case of emergency. We have created the lightest, most compact storage unit in the world, tailored specifically to the Japanese housing market. This unit offers an optimal balance between supply and demand. We are truly meeting the needs of a new energy era.



Hybrid Storage System for Solar Power (lightest, most compact storage battery unit in the world)

Main Business and Products

<p>Environmental Solutions</p> <p>PV Inverters for Solar Power Generation Systems</p>	<p>Backlights</p> <p>LCD Backlights</p>
<p>Electronic Systems and Equipment</p> <p>Uninterruptible Power Supply Units</p>	<p>Micro Devices</p> <p>Micro Electro Mechanical Systems</p>

Intellectual Property Strategy

Omron Wins the 2015 Intellectual Property Achievement Award

Japan's Ministry of Economy, Trade and Industry and the Japan Patent Office honored Omron with the Intellectual Property Achievement award for fiscal 2015*1. We plan to continue to leverage our intellectual property activities to enhance our corporate value and contribute to the advancement of society.



Strategies to Use Intellectual Property for Competitive Advantage

Omron follows a specific policy for our intellectual property activities, based on the Omron Principles. We see intellectual property as the third rail of our business, coordinating intellectual property activities with our businesses and

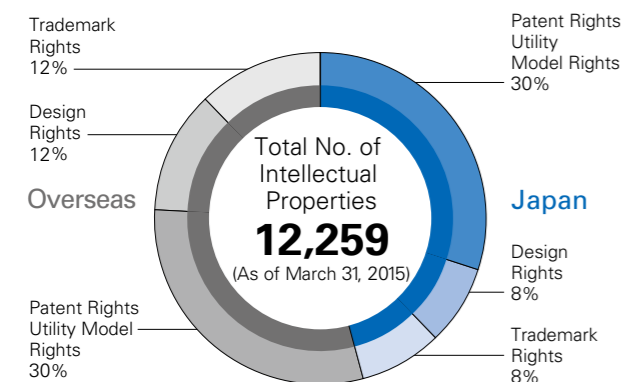
research & development divisions. Our business divisions work closely with intellectual property staff to plan*2 business and technology strategy for patent filings and other intellectual property activities.

A Stronger Stance for Global Intellectual Property

To respond to business globalization, Omron is active in securing intellectual property rights in important markets. We anticipate the direction of technology and business models in these markets to secure more freedom for our

businesses to operate. In addition to Japan, we also work with local staff to pursue intellectual property rights in China, the United States, Europe, and Singapore.

Worldwide Intellectual Property Rights



Intellectual Property Data (No. of Patents)

FY	2012	2013	2014
Applications	1,084	1,040	1,129
Approvals	1,172	949	856
Patents held	6,448	6,635	7,194

*1 The Minister of Economy, Trade and Industry Award and the Patent Office Commissioner Award are announced by the Ministry of Economy, Trade and Industry/Patent Office annually on April 18 (Invention Day). These awards recognize companies whose staff or systems have made notable contributions advancing corporate intellectual property development and education.

*2 Reports or plans detailing the acquisition or use of technology assets

Sustainability Management

Environmental, Social, and Governance Initiatives

Omron is an active agent for sustainable business through environmental, social, and governance initiatives (ESG). We engage in clearly defined ESG programs in areas that have a direct and significant impact on our businesses. Our selection criteria for ESG issues are based partly on discussions with socially responsible investment research and investment companies and other outside stakeholders.

ESG	Significant Issues	Key Initiatives for EARTH STAGE	Related Pages
Social	Diversity	<ul style="list-style-type: none"> Educating the next generation of top-rank managers Key Performance Indicator (KPI): Ratio of non-Japanese in managerial positions overseas Supporting career advancement for women KPI: Ratio of women in managerial roles 	Non-Financial Highlights P. 16-17 Human Resources Management P. 59-61
Environment	Eco-Manufacturing	<ul style="list-style-type: none"> Providing products and services that contribute to the global environment KPI: Environmental contribution Adopting measures to combat global warming KPI: Global net sales to CO₂ emissions Target: 30% improvement by fiscal 2020 (fiscal 2010 baseline) 	Non-Financial Highlights P. 16-17 Environmental Management P. 62-64
Governance	Corporate Governance	<ul style="list-style-type: none"> Strengthening systems to improve transparency, fairness (Board diversity, compensation) 	Corporate Governance P. 65-69
	Risk Management	<ul style="list-style-type: none"> Adopting measures against significant Group risks 	Compliance and Risk Management P. 70-71

Socially Responsible Investment Index References

Omron's sustainability initiatives are highly regarded by and included in some of the leading global socially responsible investment indices:



Commitment to International Corporate Social Responsibility Standards and Guidelines

Omron Corporation is committed to fulfilling our corporate social responsibility (CSR) as a global organization. We created the Omron Group CSR Practice Guidelines, referencing the Universal Declaration of Human Rights, the United Nations Global Compact, ISO 26000, the OECD Guidelines for Multinational Enterprises, and other international CSR standards and guidelines.

In 2008, we declared our support for the Ten Principles of the United Nations Global Compact (UNGC). These principles are universally accepted standards for human rights, labor standards, environmental impact, and anti-corruption practices. Currently, Omron is a member of the local UNGC chapters in Japan and China. We intend to continue our commitment to international CSR policies, building strong relationships of trust through responsible engagement with our stakeholders.



Network Japan
WE SUPPORT



Global Compact Network
China


Fumio Tateishi
Chairman
Omron Corporation

July 2015

CSR Activities and Policies

Omron contributes to social sustainability through a CSR policy incorporating three main concepts. Please see our website for more.

<http://www.omron.com/about/csr/>

- **Contribute to a better society through business operations**

Continuously offer advanced technologies and high-quality products and services by stimulating innovation driven by social needs.

- **Show a commitment to addressing societal issues as a concerned party**

Address such issues as human rights, the environment, diversity, and community relations in a way that draws on Omron's distinctive strengths.

- **Always demonstrate fairness and integrity in the promotion of corporate activities**

Promote more transparent corporate activities that maintain fairness and integrity not only through strict compliance with laws, regulations, and social rules but also through increased accountability.



Human Resources Management

Sustainability through Superior People

Global human resources strategy is a critical component of the Omron long-term vision, defined in VG2020. In the end, our people are the thing that assures our growth in the EARTH-1 STAGE. Finding and training our next generation of leaders is more important than ever.

Personnel System Reform in Japan

During 2012, we revised our management-level human resources structure. Our goal was to put the best person in the right position from an overall group perspective. To that point, Omron had been a typically Japanese company, rewarding seniority as the primary factor in employment. Under our new system, rewards are commensurate with the importance of the role played, without regard to age and length of employment with Omron. From FY15, we use the same concept for

non-managerial positions, to make compensation and rewards based solely on role and contribution. For this step, we eliminated pre-qualification categories for supervisors and managers. By introducing a standardized system, we have opened the door for younger or new employees to advance rapidly, while providing motivation for all to aspire to more challenging work and central roles within our company.

A System to Identify and Develop the Next Generation of Omron Leaders

In order for Omron to continuously identify and develop the talent of those who will become the next generation of leaders, we created a succession program for key group positions, providing training, practical experience, and career planning. As a global company, we have been focusing on having local staff in key

positions at local entities*. Our growth drives a critical need for more talented managers, and we are constantly looking for new ways to identify and develop candidates to take over and lead future generations at Omron.

* See P. 16 for more.

Developing Global *Monozukuri*^{*} Human Resources

One of our goals at Omron is to be the world's best manufacturing company which delivers pioneering high-quality products globally. To continue to fulfill this mission, we must develop *Monozukuri* human resources from a long-term perspective. This is why strengthening our global human resources is such an important part of our VG2020 strategy.

^{*} *Monozukuri*: Manufacturing

Developing *Monozukuri* Human Resources in China

China is a region of increasing strategic importance. Therefore, in 2010, we established the *Monozukuri* Human Resource Development Department in OMRON Management Center of China to respond to the predicted *Monozukuri* human resource shortage. To date, this department has trained more than 400 managers and more than 1,000 production and development human resources. Increased automation in China creates the need for securing and developing production engineers. In order to meet this need, we have placed even more emphasis on quickly developing line leaders and production engineers.

Omron Class Started in Partnership with Chinese Universities

The Omron Class is a program for educating talented Chinese students on Omron's *Monozukuri*. We launched this program in 2010 in cooperation with the Shaanxi Polytechnic Institute, and started the second program in 2014 at Guangxi Technological College of Machinery and Electricity. This program has made a significant contribution to modern production education in China, and has given us an inside track to find and hire skilled human resources. To date, more than 400 Omron Class students have graduated to become part of the Omron family in China.



2014 graduation ceremonies at Shaanxi Polytechnic Institute

Selected as a Best Company in the U.S.

In December 2014, Omron Electronics LLC in the U.S. (Industrial Automation Business) was selected as one of the Best and Brightest Companies to Work for. This award recognized Omron Electronics as an excellent company in terms of staff utilization and training. Omron Electronics was one of 101 companies from among 702 candidates selected for the honor. The company credits its dedication to open and active communications, work-life balance, employee training, and workforce diversity as reasons why it was selected. Omron Electronics plans to continue to build an enjoyable work environment and culture for its employees, improving productivity and contributing to society through Omron products and services.



Awards Ceremony



Environmental Management

The Omron Group Will Contribute to Realizing a Sustainable Society through Our Businesses

When we updated the Omron Principles, we also took the opportunity to revise the **Green Omron 2020** environmental policy to better align with our long-term vision (VG2020).

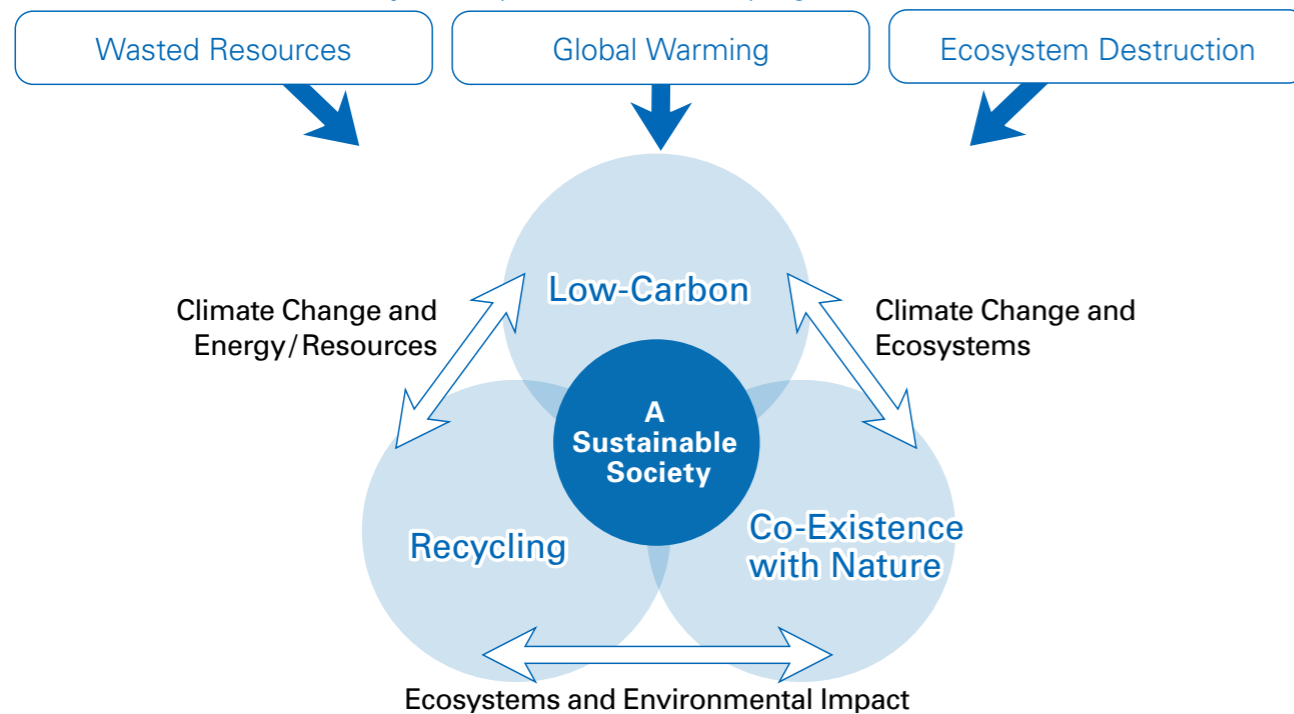
We interpret the phrase "better society" in Our Mission as our duty to help create an environmentally *sustainable society* through our businesses.

New Environmental Policy

In line with Omron Principles, we will contribute to realizing sustainable societies, globally, by providing eco-friendly products or services that can contribute to the global environment and by making efficient use of management resources.

1. **Provide Eco-Friendly Products or Services that can Contribute to the Global Environment** : Contribution through business activities
2. **Prevent Global Warming** : Reduce greenhouse gas emissions throughout the entire value chain
3. **Use Resources Efficiently** : Efficient use of all resources needed in our manufacturing processes
4. **Co-Existence with Nature** : Prevention of water, air or soil pollution including conservation activities
5. **Implement Environmental Management** : Continual improvement in environmental activities and legal compliance

A Sustainable Society: A society that is low-carbon, recycling oriented, and co-exists with nature.



New Environmental Targets (FY2020 Goals)

Contributing to the Global Environment through Business Activities

Greater Volume of Environmental Contribution

We intend to further reduce the CO₂ emissions of the Omron Group products and services^{*1} used by society (environmental contribution). Our goal is to generate an environmental contribution in excess of our CO₂ emissions as of the end of fiscal 2020.

Reduced Usage of Toxic Substances

Our goal here is to remove 80 tons of harmful mercury from the environment as of the end of fiscal 2020. We intend to do this by replacing mercury-based equipment with digital thermometers and blood pressure monitors.

^{*1} Products and services related to energy conservation, energy creation, and energy storage

Reduce Impact of Business Activities on the Global Environment

Prevent Global Warming

Reduce CO₂ emissions through efficient electricity usage, improving our net sales to CO₂ emissions at least 30% as of the end of fiscal 2020 (compared to fiscal 2010).

Use Resources Efficiently

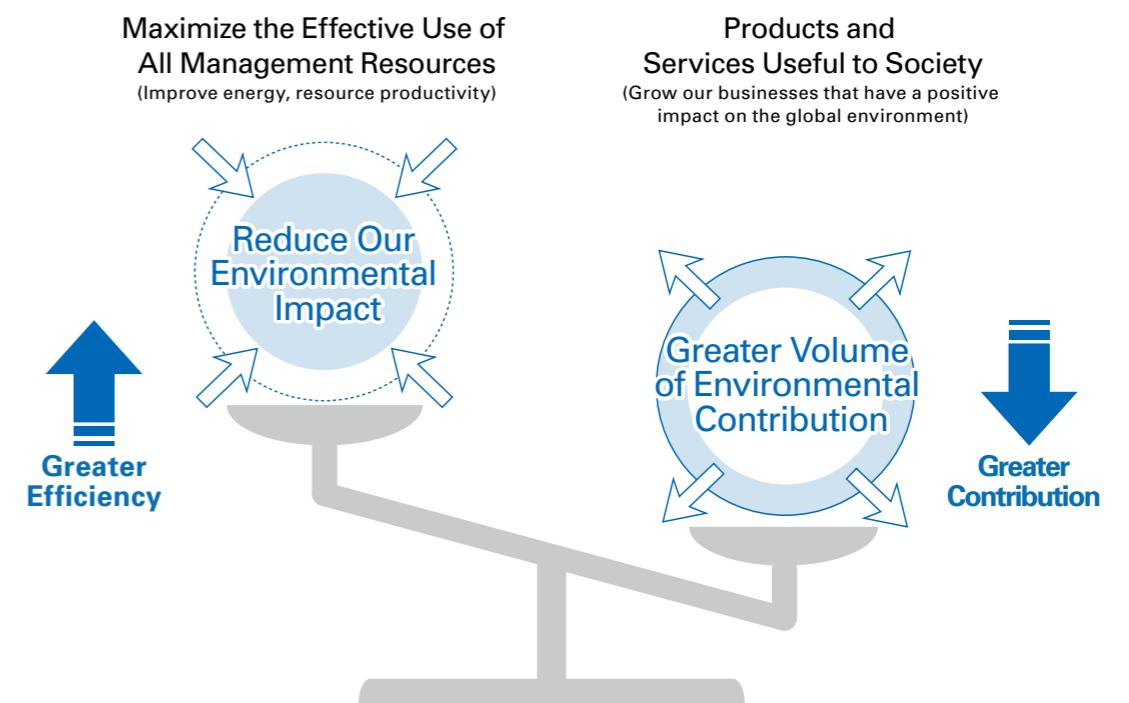
Achieve zero emissions^{*2} at our global production sites, aiming for 98% or greater recycling as of the end of fiscal 2020.

Co-Existence with Nature

To conserve water, air, and soil, and prevent their pollution, we intend to reduce the amount of water usage per employee, as well as reduce the volume and number of chemicals used in our production process.

^{*2} Zero emissions: Completely recycle and reuse waste products of the production process to eliminate the need for external waste disposal.
Note: See P. 17 for more on Omron global net sales to CO₂ emissions and environmental contribution for fiscal 2014.

Contributing to the Global Environment through Business Activities



Reducing Toxic Substances in Thailand

Mercury usage around the globe is major hazard—toxic to both humans and the environment. The government of Thailand has announced a plan to make that nation mercury-free within 10 years; however, many hospitals still rely heavily on mercury-based blood pressure monitors. Here, Omron Healthcare (Thailand) Co., Ltd. has started a digital blood pressure monitor program to solve this social issue. During fiscal 2014, we replaced 1,000 old mercury-based monitors with new digital ones. Moving forward, we have set a goal of replacing more than 10,000 monitors by fiscal 2018.



Blood pressure monitors installed at a Thai hospital

Independent Assurance of Greenhouse Gas Emissions

To understand the global volume of greenhouse gas emissions from Omron businesses, Omron management began using the Greenhouse Gas Protocol (GHG Protocol) during fiscal 2013. The GHG Protocol is an international standard for calculating the generation of gases designated as having a greenhouse effect.

We hired an independent assurance organization to confirm the accuracy of our data and calculations for the following categories of emissions.

Scope		Calculation	Fiscal 2014 Emissions (ton-CO ₂)
Scope 1	Direct combustion emissions and 5-gas*1 emissions	Volume used for combustion, 5-gas emissions, each multiplied by a CO ₂ emission factor for production	62,636
Scope 2	Emissions from electricity usage	Multiply electricity usage by the CO ₂ emission factor for production of the electricity	213,912
Scope 3	Other indirect emissions		
Category 1	Purchased goods and services	Multiply purchase amount of product and services components by the CO ₂ emission factor for production of those components	1,067,140
Category 2	Capital goods	Multiply the total investment in capital goods by the CO ₂ emission factor for production of those goods	117,859
Category 3	Fuel/energy-related activities	Multiply the fuel / energy usage by the CO ₂ emission factor for production for each energy type	197,558
Category 6	Business travel	Multiply total employee business travel costs by the CO ₂ emission factor for the method of travel	39,173
Category 7	Employee commuting	Multiply total employee commuting costs paid by the CO ₂ emission factor for the method of travel	1,329

Note: See the Omron website for more about the independent assurance report. The major categories of greenhouse gas emissions have been presented above.

http://www.omron.com/about/csr/environ/eco_fac_off_lab/co2_discharge/

*1 5 Gas: Methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆)

Corporate Governance

Omron Continually Reviews and Improves Our Corporate Governance Structures Supporting Sustainable Value Creation

The Omron Corporate Governance Policies*

In June 2015, we established the *Omron Corporate Governance Policies*—Seeking Sustainable Enhancement of Our Corporate Value. These policies reflect the spirit of the Omron Principles, revised in May 2015. They define our attitude and beliefs of how we put the Omron Principles into practice through our business activities.

In 1996, we established the Management Personnel Advisory Committee (presently the Personnel Advisory Committee) as our first major step toward improving management transparency and fairness. Since then, we have

continued to improve on these important principles at the core of management accountability. We brought in outside directors, separated the duties of chairman of the board and corporate CEO, established the CEO Selection Advisory Committee, and set up other committees and systems that make Omron a leading example of governance among Japanese companies. Our Corporate Governance Policies formalize the framework we have developed over the past 20 years, and we intend to pursue the path of ongoing corporate governance improvement.

* http://www.omron.com/ir/management/pdfs/20150623_governance_policies_e.pdf

Corporate Governance Initiatives

	1999	2003	2011
President	1987: Yoshio Tateishi	2003: Hisao Sakuta	2011: Yoshihito Yamada
Chair of the Board of Directors / CEO	President served as both	Chairman serves as chair of the Board of Directors; president serves as CEO	
Separation of management oversight and business execution	30 directors	1999: Revised articles of incorporation, setting number of board members to 10 or fewer 1999: Adopted executive officer system	
Advisory Board	1999: Advisory Board		
Outside Directors		2001: One outside director 2003: Two outside directors (seven directors)	2015: Three outside directors (eight directors)
Audit & Supervisory Board (Outside Members)	1998: One member	1999: Two members	2003: Three members (four auditors) 2011: Two members (four auditors)
Advisory and Other Committees	1996: Management Personnel Advisory Committee		2000: Personnel Advisory Committee
	2003: Compensation Advisory Committee		
	2006: CEO Selection Advisory Committee		
	2008: Corporate Governance Committee		
Corporate Philosophy	1959: Corporate Motto	1990: Omron Principles 1998: Revised	2006: Revised 2015: Revised

Corporate Governance Framework

Omron has elected to be a company with an Audit & Supervisory Board under the provisions of the Companies Act. The Omron Board of Directors is made up of eight members to ensure substantive discussion and deliberation about important corporate matters. Omron has also separated the management oversight and business execution functions with the company, creating a system whereby the majority of board directors are not engaged directly in business operations. We have also adopted a policy setting the ratio of outside directors to at least one third of the total number of directors on the Board.

To increase objectivity on behalf of the Board of Directors, the titles and roles of Chairman of the Board and President (CEO) are separated. The Chairman serves as chair of the Board of Directors, without direct corporate representational authority.

Omron has established several advisory

committees to assist the Board of Directors. These committees include the Personnel Advisory Committee, the CEO Selection Advisory Committee, the Compensation Advisory Committee, and the Corporate Governance Committee. The Personnel Advisory Committee, the CEO Selection Advisory Committee, and the Compensation Advisory Committee are all chaired by outside directors, with at least half of the committee members being outside directors. The chair and members of the Corporate Governance Committee are outside directors and outside corporate auditors, which offers yet another layer of transparency and objectivity onto its decision-making process.

In these policies, we have created a hybrid governance framework, combining the best features of a Company with an Audit & Supervisory Board and a Company with a Nominating Committee.

Audit Functions

The Audit & Supervisory Board performs compliance and validity audits related to director performance and Board of Director supervisory duties. The Audit & Supervisory Board works to provide a basis ensuring the practicability of these audits.

The Global Internal Auditing HQ, which reports directly to the president and CEO, periodically

conducts internal audits of accounting, administration, business risks, and compliance in each headquarters division and business company. Internal audits are more than just a tool to confirm compliance; they are also a valuable means for providing feedback and advice for operational improvement.

Selection of Outside Directors and Auditors

The Omron Board of Directors nominates and selects outside directors and outside Audit & Supervisory Board members as a means to oversee business operations as a representative of Omron shareholders and stakeholders. Outside directors are selected based on predefined standards of independence.

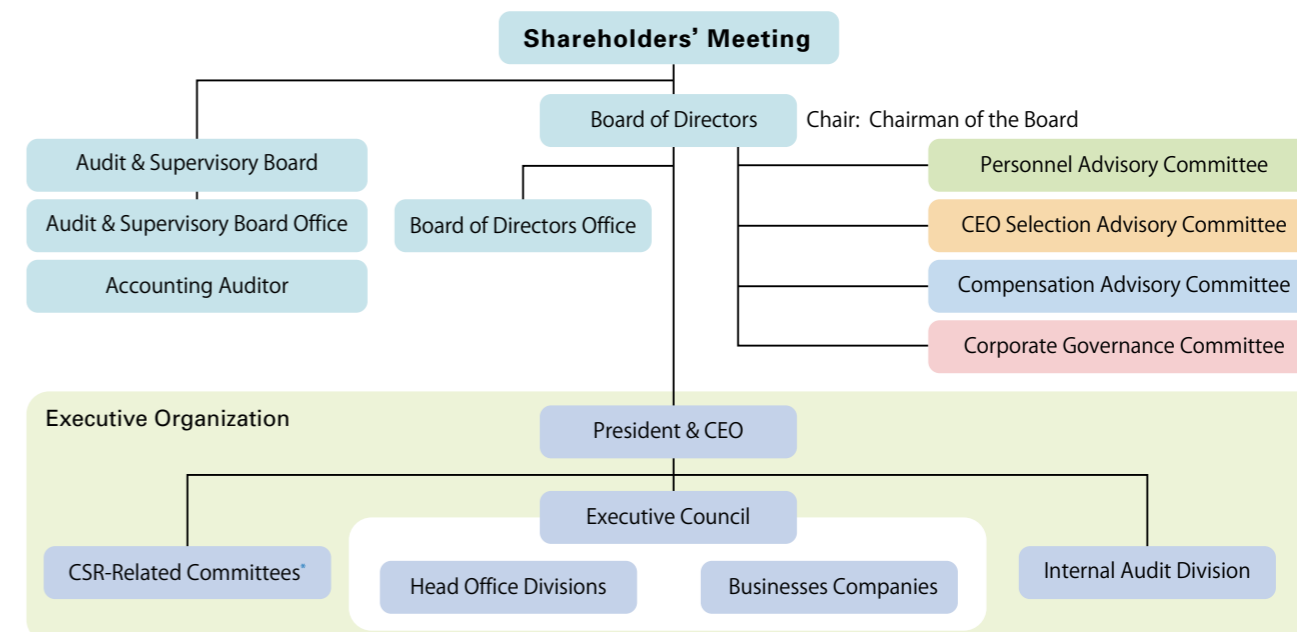
In addition to the requirements under the Companies Act, Omron has established other rules for governing the independence of outside directors in compliance with independence standards set by the relevant stock exchanges.

Based on these standard of independence, three of Omron's eight members of the Board of

Number of Major Meetings Held and Rates of Attendance (Fiscal 2014)

Meetings of the Board of Directors:	13
Meetings of the Audit & Supervisory Board:	13
Outside Director attendance at board of director meetings:	92.3%
Outside Audit & Supervisory Board member attendance at board of director meetings:	100%
Outside Audit & Supervisory Board member attendance at Audit & Supervisory Board meetings:	100%

Corporate Governance Structure



* Includes Corporate Ethics & Risk Management Committee, Information Disclosure Executive Committee, and Group Environment Activity Committee

Board of Directors

Makes decisions related to performance targets and strategies; oversees the execution of business operations.

Audit & Supervisory Board

Oversees corporate governance structure and execution business operations; conducts audits of day-to-day business activities, including those performed by directors.

Personnel Advisory Committee

Sets standards and policies related to selecting and hiring directors, Audit & Supervisory Board members, and executive officers; selects candidates and evaluates performance of current directors and executive officers.

CEO Selection Advisory Committee

Deliberates and nominates candidates for corporate president & CEO; deliberates succession candidates in the event of an emergency.

Compensation Advisory Committee

Sets policies for director and executive officer compensation; evaluates compensation levels, deliberates specific compensation packages.

Corporate Governance Committee

Oversees ongoing corporate governance improvement; deliberates policies to advance management transparency and fairness.

Executive Council

Deliberates and makes decisions regarding important operational matters within the scope of the authority of the president and CEO.

Advisory Committee Composition

Title	Name	Personnel Advisory Committee	CEO Selection Advisory Committee	Compensation Advisory Committee	Corporate Governance Committee
Chairman	Fumio Tateishi		□		
President and CEO	Yoshihito Yamada				
Executive Vice President and CFO	Yoshinori Suzuki	□			
Executive Vice President	Akio Sakumiya	○	○	○	
Director	Koji Nitto			□	
Outside Director	Kazuhiko Toyama [†]	◎	◎	□	◎
Outside Director	Eizo Kobayashi [†]	□	□	◎	○
Outside Director	Kuniko Nishikawa [†]	□	□	□	□
Audit & Supervisory Board Member	Kiichiro Kondo				
Audit & Supervisory Board Member	Tokio Kawashima				
Audit & Supervisory Board Member (Independent)	Eisuke Nagatomo [†]				□
Audit & Supervisory Board Member (Independent)	Yoshifumi Matsumoto [†]				□

Note: ◎ Committee Chair ○ Committee Vice-Chair □ Committee Member
† Independent Officer

Financial Incentives for Directors and Audit & Supervisory Board Members

The Company has introduced medium-term performance-linked bonuses from fiscal 2014 and issued performance-linked stock acquisition rights in an effort to give directors incentive to achieve the medium-term management targets and to strengthen the governance of compensation. In response to the introduction of the new structure, the governance system regarding compensation of directors, etc., consists of: (1) base salary, (2) yearly performance-linked bonuses, and

(3) medium term performance-linked bonuses, stock compensation, and performance-linked stock acquisition rights. By introducing the new structure, the Company aims for encouraging directors to continually enhance corporate value by positively achieving short-, medium-, and long-term management targets.

Fundamental principles and policy for the compensation for directors and officers are as follows:

Basic Principles of Compensation for Directors and Executive Officers

Revised in June 2014

- Compensation for directors and executive officers shall be based on the implementation of the Company's mission and corporate principles (the Omron Principles).
- The Company shall pay compensation that enables it to recruit, hire, and retain talented personnel as officers.
- The compensation structure shall contribute to long-term maximization of corporate value by providing motivation for directors and executive officers.
- The compensation structure shall maintain a high level of transparency, fairness, and rationality, to ensure accountability to shareholders and other stakeholders.
 - To ensure transparency, fairness, and rationality in the compensation for individuals, each director/executive officer's compensation shall be set by consultation with the Compensation Advisory Committee.
- The purpose of compensation shall be made clear, and a compensation plan shall be created according to the roles and responsibilities of each director/executive officer.

Compensation Policy for Directors

Compensation for directors shall consist of a base salary, yearly performance-linked bonuses, and medium-to-long-term performance-linked compensation.

- The Company shall provide base salaries that enable it to recruit, hire, and retain talented personnel capable of implementing the Company's mission and the Omron Principles.
- The Company shall provide yearly performance-linked bonuses as performance incentives with emphasis on yearly results.
 - The amount of yearly performance-linked bonuses shall be based on a standard amount for each position, and shall be determined according to the degree of achievement and growth rate for evaluation indicators for bonuses, including income before income taxes, return on invested capital (ROIC), net income attributable to shareholders, and cash dividends per share.
- To ensure thorough implementation of the Company's long-term management plan, the Company shall provide the following two types of compensation linked to medium-to-long-term performance as incentives for meeting medium-term management targets.
 - The Company shall pay medium-term performance-linked bonuses depending on the achievement of medium-term management targets.
 - The Company shall grant stock compensation*1 as compensation linked to maximization of corporate value (stock value).

- Separate from the compensation stated above, the Company shall issue performance-linked stock acquisition rights*2.
 - Performance-linked stock acquisition rights shall be issued under the condition of the achievement of medium-term management targets by directors and a rise of the Company's stock price. The objectives are to create medium-to-long-term shareholder value and encourage directors to own shares of the Company.
- Compensation for outside directors shall consist of a base salary only, reflecting their roles and the need for maintaining independence.
- No retirement bonuses shall be paid.
- The level of compensation shall be determined by taking into account the levels of other companies, based on a survey conducted by an independent compensation consultant.

*1 The guidelines for stock compensation shall consist of a fixed amount of compensation given each month to directors, who will use it to make monthly purchases of the Company's stock (through the officers' stockholding association) and hold this stock during their term of office.

*2 The performance-linked stock acquisition rights are issued with charge at a price equivalent to the fair value of the stock acquisition rights, thus the amount to be paid in exchange for stock acquisition rights is not necessarily favorable for individuals who are allotted the stock acquisition rights. Because of this, the stock acquisition rights do not fall under the category of compensation for directors, and thus they shall be issued via a resolution by the Company's Board of Directors.

Compensation Policy for Audit & Supervisory Board Members

- Compensation for Audit & Supervisory Board members shall consist only of a base salary that reflects their roles. It shall enable to recruit, hire, and retain talented personnel.
- No retirement bonuses shall be paid.
- The level of compensation shall be determined by taking into account the levels of other companies, based on a survey conducted by an independent compensation consultant.

Fiscal 2014 Director and Audit & Supervisory Board Member Remuneration

To promote greater objectivity and transparency, the Compensation Advisory Committee, chaired by an outside director, offers advice, conducts deliberations, and makes recommendations regarding director compensation. This recommendation is presented before the annual general shareholders' meeting, which votes on the total scope of compensation for members of the Board of Directors and members of the Audit & Supervisory Board. Within this scope, the Board of Directors determines compensation for each director according to Board resolution, as well as compensation for individual Audit & Supervisory Board members pursuant to discussion and negotiation.

Classification	No. of Individuals	Basic Compensation	Annual Performance Bonuses	Medium-Term Performance Bonuses	Total Compensation
Directors (Outside Directors)	8 (2)	358 (24)	236 (—)	— (—)	594 (24)
Audit & Supervisory Board Members (Outside Members)	4 (2)	82 (18)	— (—)	— (—)	82 (18)
Total (Outside Directors / Members)	12 (4)	440 (42)	236 (—)	— (—)	676 (42)

* Basic compensation for directors (excluding outside directors) includes the amount paid as stock compensation.

Compliance and Risk Management

Responding to Global Change through Stronger Integrated Global Risk Management

New Global Risk Management and Legal Headquarters placed under office of the President and CEO

The Omron Group faces a wide range of risks related to compliance and legal issues. We employ *Integrated Global Risk Management* as the basis of our activities to collect information and make plans related to risk.

Omron's basic policies for Integrated Global Risk Management are defined in the Board of Director *Basic Policy on Maintenance of Internal Control System*. *The Omron Group Rules for Integrated Risk Management* provide the framework for risk management engagement. This framework is in effect at all Omron locations around the world.

Integrated Global Risk Management Vision

1. We will integrate and carry out risk-related activities from a global perspective for the purpose of securing the continued existence of the Companies and enabling them to achieve their targets and fulfill their corporate social responsibilities.
2. Based on the Basic Rules of Integrated Global Risk Management, we will endeavor to avoid, reduce, and transfer losses by collecting risk information, conducting risk analyses, and implementing countermeasures against risks.
3. We will identify critical risks to the Group and enable Groupwide responses through the Executive Council.
4. In a time of crisis, we will make reports in accordance with established procedures and form response teams necessary to address the crisis.

Advancement Framework

The Global Risk Management and Legal HQ acts as the managing office administering the operations of the *Corporate Ethics and Risk Management Committee*. This committee deliberates and carries out measures in coordination with Omron global headquarters, domestic business divisions, and overseas

headquarters. The Company has appointed risk managers charged with compliance and risk management in Group locations around the world. These risk managers use our global network to communicate risk information and quickly organize to take action in response to risk.

Fiscal 2014 Initiatives

The Omron risk matrix is one specific example of how we deal with risk across our organization.

Each year, we identify and analyze global risks. We evaluate these risks and categorize them according to the gravity of the issue. *S-rank* risks are the most significant, while less-significant risks are categorized as *A-rank* risks. Next, the Executive Council discusses and proposes measures to deal with risks that affect the Company as a whole. Omron uses the PDCA cycle (Plan, Do, Check, Act) to confirm execution and take any corrective actions. Finally, we report our results to the Board of Directors and to external shareholders/stakeholders.

Looking toward fiscal 2015, we identified several S-rank risks. These risks include business continuity, violation of international laws (bribery, etc.), and information/IT security. As A-rank risks, we identified employee safety, internal fraud, conformance with the Electronic Industry

Citizenship Coalition, conflict minerals, occupational health and safety, and global product safety regulations.

During fiscal years 2013 and 2014, we conducted business continuity training to prepare against a possible disaster at our business headquarters locations. In terms of how we handle personal information, we continue to perform reviews and provide training based on a defined plan to reduce associated risks.

During fiscal 2015, we will upgrade our use of the PDCA cycle in integrated global risk management, incorporating this practice as a more critical component of our management activities in this area. In particular, we intend to refocus our efforts overseas, giving our global area headquarters more responsibility and authority to lead risk management in a manner appropriate to their local circumstances.

Cultivating Strong Relationships through Responsible Engagement

Omron takes advantage of a number of opportunities to receive feedback and opinions from shareholders, customers, and stakeholders at large. We then communicate this information to top management. Our evolution in ROIC management and revised director compensation are just a few of the ways Omron has taken this feedback to heart to improve management efficiency and transparency, creating even stronger relationships of trust.

Fiscal 2014 Shareholder/Investor Engagement

With Individual Investors

No. of Events — **32**
 Total No. of Participants — **3,245**

Investor relations events, including corporate information sessions and investor fairs

With Institutional Investors

Direct Talks — **1,051 times**

- President's visits to institutional investors
- IR officers' one-on-one interviews and telephone conferences
- Plant tours and technology seminars

June 24, 2014 Shareholders' Meeting

Attendees — **591**
 Ratio of Voting Rights Exercised — **84.6%**

Market Intelligence

We collect and analyze questions received during institutional investor interviews to help us understand changes in the market and interest trends among investors.

We report this information to management and share data with related business divisions to promote our two-way communications between Omron and our shareholders.

Engagement with Shareholders

At our last annual shareholders' meeting, President Yamada reported on the state of our business and progress toward our long-term vision. Shareholders asked questions about Omron technologies, share prices, the role of women in our company, and outside directors, receiving thoughtful answers from our president and executives on stage.



The 77th Annual Shareholders' Meeting

Engagement with Customers

The Omron Total Fair is an event showcasing the Omron Group's technologies, products, and services. We greet thousands of customers at every fair, looking forward to this valuable opportunity to hear from them directly.

Our December 2014 event in Jakarta, Indonesia, attracted more than 5,500 visitors.



Customers view new products and technologies at the Omron Total Fair

Engagement with Suppliers

Each year we invite major suppliers to discuss our purchasing policies and group business strategies. Suppliers are important strategic partners in our success. We strive to continually improve supplier relationships through open and frank communications.



Discussing purchasing policies with suppliers in Japan

Engagement with Employees

Omron executives travel hundreds of thousands of miles every year to meet with employees around the globe. This kind of in-person communication is invaluable for creating a shared sense of purpose and understanding.



President Yamada visited an automotive electronics plant in Italy

Engagement with Communities

Omron takes an active part in our communities, working together with local groups and citizens. The Tateisi Science and Technology Foundation, the Kyoto Omron Community Fund, and the Omron Foundation in the United States are just a few ways that we support the sciences, technological development, and social welfare.



Kyoto Omron Community Fund Humanity Awards Ceremony



Meal delivery to local senior citizens by the Omron Foundation in the U.S.

Directors, Audit & Supervisory Board Members, and Honorary Chairman

As of June 23, 2015

Directors

Chairman Fumio Tateishi

- Aug. 1975 Joined Omron
- Jun. 1997 Director
- Jun. 1999 Managing Executive Officer
- Jun. 2001 Senior General Manager, Corporate Strategy Planning HQ
- Jun. 2003 Executive Officer and Executive Vice President; President, Industrial Automation Company
- Jun. 2008 Executive Vice Chairman
- Jun. 2013 Chairman (to present)



Director, Senior Managing Executive Officer Koji Nitto

- Apr. 1983 Joined Omron
- Mar. 2011 Senior General Manager, Global Resource Management HQ
- Jun. 2011 Executive Officer
- Mar. 2013 Senior General Manager, Global SCM and IT Innovation HQ
- Apr. 2013 Managing Executive Officer
- Mar. 2014 Senior General Manager, Global Strategy HQ (to present)
- Apr. 2014 Senior Managing Executive Officer (to present)
- Jun. 2014 Director (to present)



President and CEO Yoshihito Yamada

- Apr. 1984 Joined Omron
- Jun. 2008 Executive Officer; President and CEO, OMRON Healthcare Co., Ltd.
- Mar. 2010 Senior General Manager, Corporate Strategy Planning HQ
- Jun. 2010 Managing Executive Officer
- Jun. 2011 President and CEO (to present)



Outside Director Kazuhiko Toyama

- Apr. 1985 Joined Boston Consulting Group, Inc.
- Apr. 1986 Established Corporate Direction Co., Ltd.
- Mar. 1993 Director, Corporate Direction Co., Ltd.
- Apr. 2000 Managing Director, Corporate Direction Co., Ltd.
- Apr. 2001 President and CEO, Corporate Direction Co., Ltd.
- Apr. 2003 COO & Executive Managing Director, Industrial Revitalization Corporation of Japan (IRCJ)
- Apr. 2007 President and CEO, Industrial Growth Platform, Inc. (to present)
- Jun. 2007 Outside Director, Omron (to present)



Executive Vice President and CFO Yoshinori Suzuki

- Apr. 1975 Joined Omron
- Jun. 2003 Executive Officer and Senior General Manager, Corporate Strategy Planning HQ
- Jun. 2006 Managing Executive Officer
- Mar. 2007 President, Automotive Electronic Components Company
- May 2010 President and CEO, OMRON Automotive Electronics Co., Ltd.
- Apr. 2013 Senior Managing Executive Officer and CFO
- Jun. 2013 Senior Managing Director and CFO
- Jun. 2014 Executive Vice President and CFO (to present)



Outside Director Eizo Kobayashi

- Apr. 1972 Joined ITOCHU Corporation
- Jun. 2000 Executive Officer
- Apr. 2002 Managing Executive Officer
- Jun. 2003 Representative Director and Managing Director
- Apr. 2004 Representative Director and Senior Managing Director
- Jun. 2004 President and CEO
- Apr. 2010 Chairman and Representative Director
- Jun. 2011 Chairman (to present)
- Jun. 2013 Outside Director, Omron (to present)



Executive Vice President Akio Sakumiya

- Apr. 1975 Joined Omron
- Jun. 2003 Executive Officer; President and CEO, OMRON Ichinomiya Co., Ltd. (now OMRON Amusement Co., Ltd.)
- Mar. 2009 President, Electronic and Mechanical Components Company
- Jun. 2010 Managing Executive Officer
- Jun. 2011 Senior Managing Director
- Jun. 2014 Executive Vice President (to present)



Outside Director Kuniko Nishikawa

- Apr. 1986 Joined Citibank N.A.
- Feb. 1996 Joined A.T. Kearney, Inc.
- Sep. 2000 President and CEO, Supernurse Co. Ltd.
- Aug. 2010 Established Firststar Healthcare Co. Ltd., President & CEO (to present)
- Jun. 2013 President, Benesse MCM Corp. (to present)
- Jun. 2015 Outside Director, Omron (to present)



Audit & Supervisory Board Members

Audit & Supervisory Board Member Kiichiro Kondo

- Apr. 1977 Joined Mitsui Ocean Development & Engineering Co., Ltd.
- Jan. 1988 Joined Mitsui Trust and Banking Company, Limited (now Sumitomo Mitsui Trust Bank, Limited)
- Apr. 1999 Joined Omron
- Apr. 2007 Senior General Manager, Public Solutions Business Department, Social Systems Solutions and Service Business Company
- Jun. 2007 Executive Officer
- Apr. 2011 President and CEO, OMRON Social Solutions Co., Ltd.
- Jun. 2011 Managing Executive Officer
- Jun. 2015 Audit & Supervisory Board Member, Omron (to present)



Audit & Supervisory Board Member Tokio Kawashima

- Apr. 1982 Joined Mitsubishi Bank Ltd. (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
- Sep. 2008 Regional Head for Germany and General Manager, Düsseldorf Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- Apr. 2011 Joined Omron
- Jun. 2011 Audit & Supervisory Board Member (to present)



Audit & Supervisory Board Member (Independent) Eisuke Nagatomo

- Apr. 1971 Joined Tokyo Stock Exchange, Inc.
- Nov. 2001 Executive Officer
- Jun. 2003 Managing Director
- Jun. 2007 Advisor
- Oct. 2007 Representative Director, EN Associates Co., Ltd. (to present)
- Jun. 2008 Audit & Supervisory Board Member (Independent), Omron (to present)



Audit & Supervisory Board Member (Independent) Yoshifumi Matsumoto

- Apr. 1989 Registered as attorney with the Osaka Bar Association; joined Miyake Law Office (now Miyake & Partners)
- Jan. 1996 Partner, Miyake & Partners (to present)
- Jun. 1997 Registered as patent attorney with the Japan Patent Attorneys Association
- Jun. 2013 Audit & Supervisory Board Member (Independent), Omron (to present)



Honorary Chairman

Honorary Chairman Yoshio Tateishi

- Apr. 1963 Joined Omron
- May 1973 Director
- Jun. 1976 Managing Director
- Jun. 1983 Senior Managing Director
- Jun. 1987 President and CEO
- Jun. 2003 Representative Director and Chairman of the Board
- May 2007 Chairman, Kyoto Chamber of Commerce and Industry (to present)
- Jun. 2011 Honorary Chairman (to present)



About Omron

Where We're Headed

Corporate Value Initiatives

Corporate Value Foundation

Financial Section

Executive Officers

Senior Managing Executive Officer

Koji Nitto

Senior General Manager,
Global Strategy HQ



Yutaka Miyanaga

Company President,
Industrial Automation Company



Managing Executive Officers

Shigeki Fujimoto

Senior General Manager,
Business Development HQ



Kenji Matsunami

Company President,
Electronic and Mechanical
Components Company



Kiichiro Miyata

CTO and Senior General Manager,
Technology & Intellectual
Property HQ



Satoshi Ando

Senior General Manager, Global
Investor Relations & Corporate
Communications HQ



Katsuhiko Wada

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



Toshio Hosoi

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



Shizuto Yukumoto

Senior General Manager,
Environmental Solutions
Business HQ



Isao Ogino

President and CEO, OMRON
HEALTHCARE Co., Ltd.



Executive Officers

Koji Doi

President, OMRON (CHINA) Co., LTD.

Takashi Ikezoe

Senior General Manager, Product Business Division
HQ, Industrial Automation Company

Kiyoshi Yoshikawa

Senior General Manager, Global Manufacturing
Innovation HQ

Yoshihiro Taniguchi

Representative Director and CEO, OMRON SWITCH
& DEVICES CORPORATION

Nigel Blakeway

Chairman, President and CEO, OMRON
MANAGEMENT CENTER OF AMERICA, INC. and
Chairman and CEO, OMRON ELECTRONICS, LLC.

Goshi Oba

Chairman and President, OMRON INDUSTRIAL
AUTOMATION (CHINA) Co., Ltd.

Takayoshi Oue

Senior General Manager, Global Finance and
Accounting HQ

Izumi Echizen

Senior General Manager, Global Human Resources
and Administration HQ

Hideji Ejima

General Manager, Business Planning Department
and General Manager, Application Engineering
Center, Environmental Solutions Business HQ

Seigo Kinugawa

Senior General Manager, Strategy Planning Division
HQ, Industrial Automation Company

Takashi Kitagawa

Senior General Manager, Board of Directors Office

Masahiko Tomita

General Manager, Corporate Planning Department,
Global Strategy HQ

Munenori Odake

Senior General Manager, Sales & Marketing Division
HQ, Industrial Automation Company

Kenji Sugawa

Director, Executive Vice President, and Senior
General Manager, Global Sales and Marketing Group
HQ, OMRON HEALTHCARE Co., Ltd.

Shuji Tamaki

Senior General Manager, Global Risk Management
and Legal HQ

Ken Tanikawa

President and Representative Director, OMRON
PRECISION TECHNOLOGY Co., Ltd.

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91	Consolidated Statements of Cash Flows

For more information, please refer to the Company's audited annual financial report:
<http://www.omron.com/ir/irlib/annual.html>

Six-Year Summary

OMRON Corporation and Subsidiaries
 Years ended March 31

	Millions of yen (except per share data)					
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Net sales (Note 1):						
Industrial Automation Business (IAB)	¥203,917	¥271,894	¥270,835	¥262,983	¥291,739	¥331,840
Electronic and Mechanical Components Business (EMC)	70,717	81,216	83,002	84,107	97,699	103,946
Automotive Electronic Components Business (AEC)	75,163	84,259	85,027	97,643	126,620	137,883
Social Systems, Solutions and Service Business (SSB)	57,981	63,846	57,200	68,754	82,695	80,410
Healthcare Business (HCB)	63,359	60,629	62,446	71,520	89,275	100,615
Other Businesses	43,592	49,672	53,535	59,240	78,949	87,382
Eliminations and Corporate	9,965	6,309	7,416	6,214	5,989	5,176
(Total)	524,694	617,825	619,461	650,461	772,966	847,252
Costs and expenses:						
Cost of sales	340,352	386,123	391,574	408,954	475,758	514,645
Selling, general and administrative expenses (excl. R&D expenses)	133,426	142,365	145,662	152,676	181,225	198,103
Research and development expenses	37,842	41,300	42,089	43,488	47,928	47,913
Other expenses (income), net	2,879	6,344	6,589	4,106	6,048	(797)
(Total)	514,499	576,132	585,914	609,224	710,959	759,864
Income before income taxes and equity in earnings of affiliates	10,195	41,693	33,547	41,237	62,007	87,388
Income taxes	3,782	14,487	17,826	14,096	19,475	28,893
Equity in loss (earnings) of affiliates	2,792	190	(631)	(2,976)	(3,782)	(3,937)
Income from continuing operations	3,621	27,016	16,352	30,117	46,314	62,432
Net income (loss)	103	234	(37)	(86)	129	262
Net income attributable to shareholders	3,518	26,782	16,389	30,203	46,185	62,170
Per share data (yen):						
Income from continuing operations						
Basic	16.0	121.7	74.5	137.2	209.8	283.9
Diluted	16.0	121.7	74.5	137.2	—	283.9
Cash dividends (Note 2)	17.0	30.0	28.0	37.0	53.0	71.0
Capital expenditures (cash basis)	20,792	21,647	27,502	30,383	32,218	37,123
Total assets	532,254	562,790	537,323	573,637	654,704	711,011
Total shareholders' equity	306,327	312,753	320,840	366,962	430,509	489,769
Financial indicators:						
Gross profit margin (%)	35.1	37.5	36.8	37.1	38.5	39.3
Operating income margin (%)	2.5	7.8	6.5	7.0	8.8	10.2
Income before tax / Net sales (%)	1.9	6.7	5.4	6.3	8.0	10.3
Return on sales (%)	0.7	4.3	2.6	4.6	6.0	7.3
ROIC (Return on invested capital) (%)	1.0	7.8	4.8	8.6	11.3	13.4
ROE (Return on equity) (%)	1.2	8.7	5.2	8.8	11.6	13.5
ROA (Return on asset) (%)	1.9	7.6	6.1	7.4	10.1	12.8
Asset turnover (times)	1.0	1.1	1.1	1.2	1.3	1.2
Inventory turnover (times)	4.2	4.7	4.4	4.5	5.0	4.8
Debt / Shareholders' equity ratio (times)	0.73	0.80	0.67	0.56	0.52	0.45

Notes: 1. During fiscal 2010, the PV inverter business in the Industrial Automation Business was transferred to Other. Segment information figures for prior years have been restated to conform to the current year presentation.

2. Cash dividends per share represent the amounts applicable to the respective year, including dividends to be paid after the end of the fiscal year.

Fiscal 2014 Management's Discussion and Analysis

Market Environment

Many economies around the world appear to be in recovery to one degree or another. The Japanese economy continued to improve throughout the fiscal year, despite the negative impact of higher consumption taxes on certain sectors. The European economy was essentially flat for the year, while the U.S. continued to recover, showing greater corporate activity and higher personal consumption. China remains a powerhouse of capital investment, mainly in the electronics components industry. Both Thailand and Indonesia trended to a moderate recovery, with the economy of Korea likewise in recovery.

The Omron Group deals in many major markets around the world. During fiscal 2014, the global automobile market experienced strong capital investment particularly so for components in markets outside Japan. The machine tools and the smartphone markets continue to grow, driving recovery in demand

for capital investment in these sectors, as well as for semiconductors. We have also seen a gradual recovery in capital investment for the consumer electronics and electronic components markets, and strong demand for related components in the world's emerging economies. While the medical devices market has struggled somewhat due to the slowdown in the Russian economy, demand from other emerging economies remains strong.

Turning toward the currency markets, we saw that the weakened yen contributed to the Group's revenue growth for the year. The average exchange rate for the fiscal year was ¥110.0 to the U.S. dollar (a ¥9.9 increase), and ¥138.7 to the Euro (¥4.7 increase). The average per-kilo price for silver was ¥65,260, a ¥5,395 decrease compared to the prior fiscal year. Copper cost an average of ¥766 per kilo, which was a ¥9 increase compared to the prior fiscal year.

Index of Electronic Parts and Devices (Seasonally adjusted indices, 2010 average = 100)



Source: Ministry of Economy, Trade and Industry

Silver and Copper Prices



Exchange Rates



Overview of Consolidated Results and Financial Condition

Note: Segment operating income is prepared using the single-step method (which does not show individual income levels) based on U.S. GAAP. For inter-company comparison, we have defined operating income as gross profit minus selling, general and administrative (SG&A) expenses and research and development (R&D) expenses.

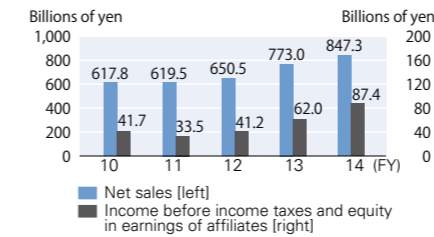
The Omron Group recorded consolidated net sales of ¥847.3 billion for the fiscal year ended March 2015. This represented a 9.6% year-on-year increase, mainly driven by significant revenue gains in our Industrial Automation Business. Operating income improved 27.2% year on year, reaching ¥86.6 billion. This increase was again mainly due to Industrial Automation Business revenues and higher added value ratio. The Group reported income before income taxes and equity in earnings of affiliates of ¥87.4 billion (40.9% higher year on year) and net income attributable to shareholders of ¥62.2 billion (34.6% increase). In all, the Omron Group marked a third consecutive year of revenue and profit gains, as well as a second consecutive year of record earnings.

Total assets at the end of the period amounted

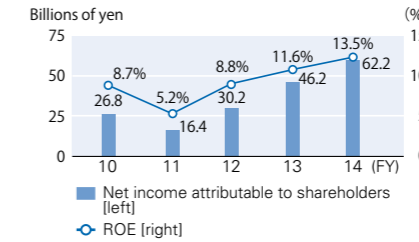
to ¥711.0 billion, which was 8.6% higher compared to the end of the prior fiscal year. This increase was mainly due to increases in cash and cash equivalents, inventories, and other current assets. Acquisitions of property, plant and equipment also contributed to this total. Total shareholders' equity was ¥489.8 billion at the end of the period, up 13.8%. This increase was mainly due to significant gains in net income attributable to shareholders and fluctuations in foreign currency translation adjustments. Our shareholders' equity ratio rose 3.1 points to 68.9% for the year-end.

Return on equity rose nearly 2 points, from 11.6% to 13.5%, while return on invested capital improved from 11.3% to 13.4%.

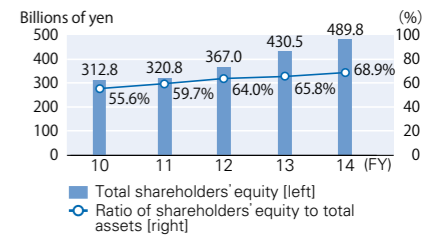
Net Sales and Income before Income Taxes and Equity in Earnings of Affiliates



Net Income Attributable to Shareholders and ROE



Total Shareholders' Equity and Ratio of Shareholders' Equity to Total Assets



Review and Analysis of Consolidated Statements of Income

Net Sales

The Omron Group recorded ¥847.3 billion in net sales for the year, which represented a ¥74.3 billion (9.6%) gain year on year. Among the goals we set in our EARTH-1 STAGE medium-term business plan, we made particularly notable progress in the Existing Business Strategy (strengthening of IA business), the Super-Global Growth Strategy, and the New Business Strategy for Optimization Society.

Looking at our performance by region, we see that Greater China once again reported the greatest gains in net sales and operating income. Japan struggled to a 2.1% year-on-year decrease, mainly due to the impact of higher consumption taxes on first-half performance. On the other hand, the Americas, Europe, Greater China, and Asia Pacific all reported higher revenues, with year-on-year gains of 22.3%, 7.4%, 27.0%, and 14.9%.

Cost of Sales and SG&A Expenses

The Omron Group saw cost of sales rise 8.2% for the fiscal year. This increase was mainly in line with revenue gains, coming in at 60.7% in cost of sales ratio, just 0.8-points lower than the prior fiscal year. The average per-kilo price of silver fell to ¥65,260 (compared to

¥70,655 for the prior year), while copper prices averaged ¥766 per kilo (compared to ¥757 for the prior year).

Selling, general, and administrative expenses rose ¥16.9 billion (9.3%) year on year. However, this increase was generally in proportion to net sales when compared to the prior year (23.4% for fiscal 2014 vs. 23.5% for fiscal 2013). R&D expenses were level year on year, falling to 5.7% of net sales, compared to a 6.2% mark for the prior fiscal year.

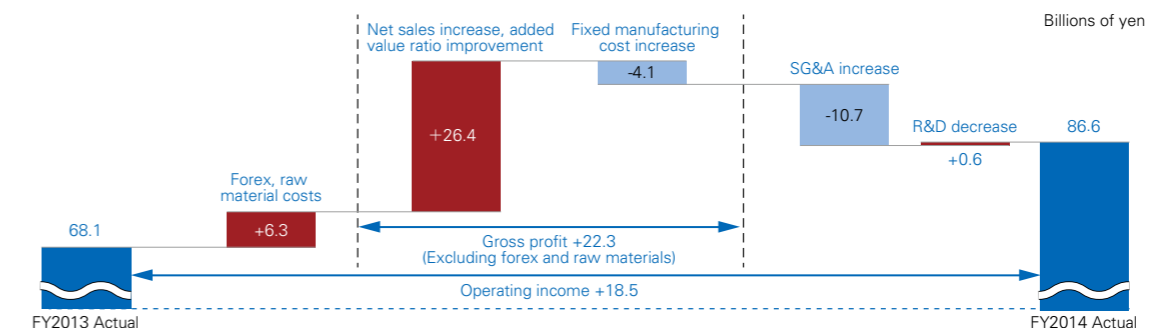
Other Expenses (Income)

The Omron Group recorded a net amount of ¥0.8 billion in other income, mainly from the sale of investment securities. This was a ¥6.8 billion decrease year on year.

Income before Income Taxes and Equity in Earnings of Affiliates, Net Income Attributable to Shareholders, and Profit Distribution

The Omron Group reported income before income taxes and equity in earnings of affiliates of ¥87.4 billion, representing a ¥25.4 billion gain year on year. Net income attributable to shareholders amounted to ¥62.2 billion, a ¥16.0 billion increase compared to the prior fiscal year.

Consolidated Operating Income Analysis (YoY)



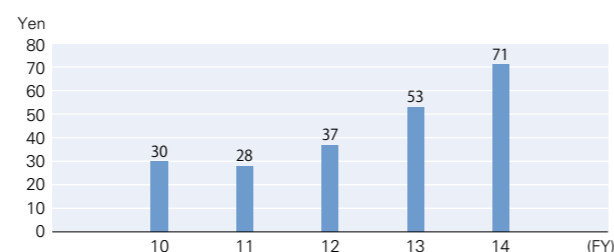
Per-share net income attributable to shareholders amounted to ¥283.9, an increase of ¥74.1 compared to the prior fiscal year.

The Company's basic policy for dividend payments is to secure sufficient internal capital resources for future growth while at the same time providing consistent shareholder returns. More specifically, our target for fiscal 2014 was a dividend payout ratio of 25% or greater. The Group has moved the fiscal 2016 payout ratio goal of 30% up by one year to fiscal 2015. We have left our target ratio for dividend on equity unchanged at 2%.

Given these policies, the Group was pleased to report an annual dividend of ¥71 for fiscal 2014, ¥18 per share higher than the prior fiscal year. Our consolidated

dividend payout ratio was 25.0%, with a dividend on equity result of 3.4%. We project a ¥92 per share dividend for fiscal 2015.

Dividends per Share



Costs, Expenses, and Income as Percentages of Net Sales

	FY2010	FY2011	FY2012	FY2013	FY2014
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	62.5	63.2	62.9	61.5	60.7
Gross profit	37.5	36.8	37.1	38.5	39.3
Selling, general and administrative expenses	23.0	23.5	23.4	23.5	23.4
Research and development expenses	6.7	6.8	6.7	6.2	5.7
Other expenses (income), net	1.1	1.1	0.7	0.8	(0.1)
Income before income taxes and equity in earnings of affiliates	6.7	5.4	6.3	8.0	10.3
Income taxes	2.3	2.9	2.2	2.5	3.4
Net income attributable to shareholders	4.3	2.6	4.6	6.0	7.3

Segment Information

Note: Operating income

Segment operating income is prepared using the single-step method (which does not show individual income levels) based on U.S. GAAP. For inter-company comparison, we have defined operating income as gross profit minus selling, general and administrative (SG&A) expenses and research and development (R&D) expenses.

Note: Inter-segment transactions

The sales figure within segment information represents sales to external customers and excludes inter-segment transactions. Conversely, operating income includes income from inter-segment transactions before deductions of headquarters expenses and other non-allocable amounts.

1. Review of Operations by Business Segment

Industrial Automation Business (IAB)

Our Industrial Automation Business recorded net sales of ¥331.8 billion for fiscal 2014, a 13.7% gain year on year. Higher revenues and production efficiencies resulted in a 40.9% increase in operating income, up to ¥54.6 billion.

Japan experienced a gradual economic recovery throughout the year, with demand particularly strong for capital investment in the automobile and electronics components fields. Overseas, the weakened yen contributed to greater sales in every region. Of particular note was the growth in the Americas, supported by strong demand in automobiles and oil and gas. Greater China proved again to be a strong growth market for electronics components. The segment experienced a gradual recovery in Europe, while demand for electronics components in Asia was strong, driven in part by the devalued yen.

Electronic and Mechanical Components Business (EMC)

The Electronic and Mechanical Components Business recorded net sales of ¥103.9 billion, representing a 6.4% year-on-year gain. Operating income was higher by 17.5% year on year, reaching ¥10.2 billion.

In Japan, demand in the consumer electronics market and automobile industries was slow due to the increase in consumption tax rates. While demand in the consumer and commercial product industries other than consumer electronics remained level with the prior year, net sales decreased. Meanwhile, the weakened yen helped push net sales overseas significantly higher. In the Americas and Europe, demand for consumer and commercial products was strong, while new customers in Greater China—and our growth in consumer electronics in that

market in particular—led to overall favorable results for the segment. In Asia as well, we saw growth in demand in the automobile-related industries.

Automotive Electronic Components Business (AEC)

The Automotive Electronics Components Business recorded net sales of ¥137.9 billion, an 8.9% year-on-year gain. Operating income grew 1.6% to ¥9.2 billion.

Domestically, higher consumption tax rates and slow sales among certain customers combined to drive sales lower year on year. Meanwhile, the weaker yen contributed to revenue gains overseas. In particular, the Americas reported strong sales growth, supported by the healthy U.S. economy, most notably during the fourth quarter. Asia and Greater China, where we continue to build market share, also reported strong sales for the year.

Social Systems, Solutions and Service Business (SSB)

The Social Systems, Solutions and Service Business recorded ¥80.4 billion in net sales for fiscal 2014, representing a 2.8% year-on-year decrease. Operating income experienced a 10.1% decrease to ¥5.0 billion.

Our railway infrastructure business delivered strong results due to railway infrastructure equipment facility upgrades, despite the lull in sales following the rush of purchases during the prior year in advance of consumption tax increases. Meanwhile, our traffic control and road control systems business underperformed the prior year due to the lack of capital investment in traffic control systems and other systems. Despite a decline in customer demand during the second half of the year, the Environmental Solutions Business was able to show overall sales gains, buoyed by demand for solar power generation system-related products.

Healthcare Business (HCB)

The Healthcare Business reported a 12.7% year-on-year gain in net sales, recording ¥100.6 billion in revenues. Meanwhile, operating income fell 13.7% to ¥6.5 billion. This decline was mainly due to our advance investments overseas, as well as to dramatic fluctuations in the currency trading markets during the second half of the year.

In Japan, higher consumption taxes and a revision in the medical payments system combined to place downward pressure on demand for institutional medical devices. However, successful in-store promotions and the introduction of new products such as massagers served to drive higher sales for our home-use healthcare and medical devices. Overseas, a slowing Russian economy and the political instability in Ukraine placed a drag on sales growth in Europe. Sales of new products, such as TENS, in the Americas helped drive earnings, as did strong performance of healthcare and medical devices in China, India, and other emerging countries.

Other Businesses

Other Businesses reported net sales of ¥87.4 billion, a year-on-year increase of 10.7%. Operating income came in at ¥8.4 billion, which was a decrease of 3.6% year on year, mainly due to investment activity.

Despite falling demand among certain Environmental Solutions Business customers during the second half of the year, increasing interest in renewable energy pushed domestic demand for PV inverters higher, resulting in strong demand during the year overall. The Electronic Systems & Equipment Business experienced demand for uninterruptible power supply units, industrial-use computers, and development and contract production services for electronic devices. Strong markets for smartphone microphones also helped drive earnings growth in our Micro Devices Business. A growing market for smartphones in Greater China has driven demand for thin, high-performance backlights in our Backlights Business.

Growth in Net Sales by Business Segment

	FY2012	FY2013	FY2014
IAB	(2.9)%	10.9%	13.7%
EMC	1.3	16.2	6.4
AEC	14.8	29.7	8.9
SSB	20.2	20.3	(2.8)
HCB	14.5	24.8	12.7
Other	10.7	33.3	10.7

Composition of Net Sales by Business Segment

	FY2012	FY2013	FY2014
IAB	40.4%	37.7%	39.2%
EMC	12.9	12.6	12.3
AEC	15.0	16.4	16.3
SSB	10.6	10.7	9.5
HCB	11.0	11.5	11.9
Other	9.1	10.2	10.3

Note: The composition of net sales is based on the classifications reported under Six-Year Summary on P. 79.

2. Review of Operations by Region

Japan

Total net sales for Japan came in at ¥337.7 billion, representing a 2.1% year-on-year decline. Operating income, however, grew a healthy 17.2% to ¥55.6 billion, due mainly to productivity and added value ratio improvements.

During the fiscal year, the Japanese market experienced strong demand for capital investment in the automobile and electronic components sectors. This demand helped push earnings growth in our Industrial Automation Business. In our Healthcare Business, sales of home-use healthcare and medical devices and other new products made a significant contribution to earnings. Meanwhile, the impact of higher consumption taxes was seen widely across our businesses in Japan, causing challenges in growing our Electronic and Mechanical Components Business, Automotive Electronic Components Business, and our Social Systems, Solutions and Service Business.

Americas

Our businesses in the Americas reported net sales of ¥123.5 billion, a 22.3% improvement year on year. Operating income was 713.5% higher, reaching ¥1.7 billion.

The Americas are in an overall recovery economically. Greater corporate activity, higher employment, and rising payrolls are all indicators pointing to a clear recovery in the United States. Strength in automobile demand in the Americas drove significantly improved earnings for our Industrial Automation Business and Automotive Electronic Components Business. At the same time, growth in the oil and gas sectors pushed demand for our Industrial Automation Business, while consumer and commercial product demand resulted in gains for our Electronic and Mechanical Components Business. Recovering consumer spending supported growth in our Healthcare Business during the fiscal year.

Europe

In Europe, our businesses reported net sales of ¥108.4 billion, representing a 7.4% increase year on year. Operating income came in 51.8% higher at ¥5.9 billion.

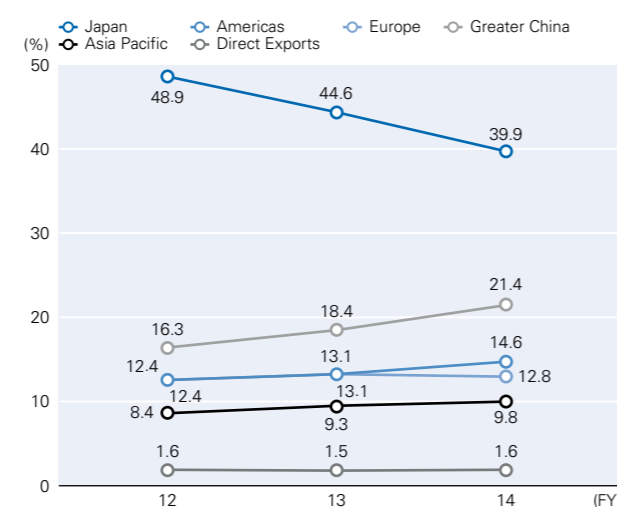
Despite the slowdown in the Russian economy and political instability in Ukraine, the European economy overall showed indications of a gradual recovery, with demand essentially level with the prior fiscal year. While our Healthcare Business in Russia and surrounding regions had been growing, we experienced slower growth in this region this year. However, earnings were supported by strong demand for products in our Industrial Automation Business and Electronic and Mechanical Components Business.

Greater China

Our businesses in Greater China reported net income of ¥181.0 billion, 27% higher than the prior fiscal year. Operating income amounted to ¥19.7 billion, representing 9.8% year-on-year growth. This result for revenues and profits was the highest of any of our regions.

Experts cited concerns of a slowdown in certain sectors of the Chinese economy during the fiscal year. Even so, we experienced significant earnings growth for our Industrial Automation Business, driven by higher demand in the electronic components market and steady capital investment. This region is demonstrating growing interest in mobile communications, home electronics, and electronic components for automobiles. As well, rising interest in personal health has spurred growth in sales of our health and medical equipment.

Sales Breakdown by Region



Asia Pacific

Our businesses in Asia Pacific reported net sales of ¥83.1 billion, 14.9% higher year on year. Operating income came in at ¥7.9 billion, representing an 11% gain.

Despite currency weaknesses, the economies of Thailand, Indonesia, and Korea were generally strong throughout the year. Our Industrial Automation Business was supported by strong demand in the electronic components industry. Electronic components for automobiles and consumer health and medical equipment likewise experienced strong demand.

Financial Condition

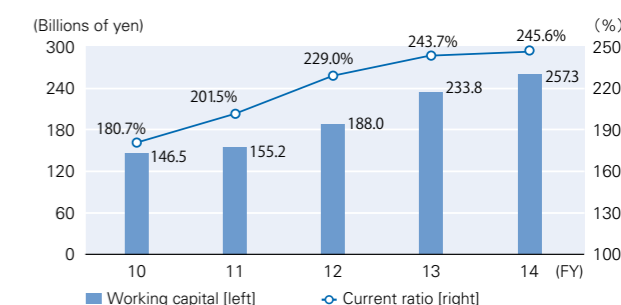
Assets

Total assets at the end of the period amounted to ¥711.0 billion, which was ¥56.3 billion (8.6%) higher compared to the end of the prior fiscal year. This increase was mainly due to increases in cash and cash equivalents, inventories, and other current assets. Acquisitions of property, plant and equipment also contributed to this total.

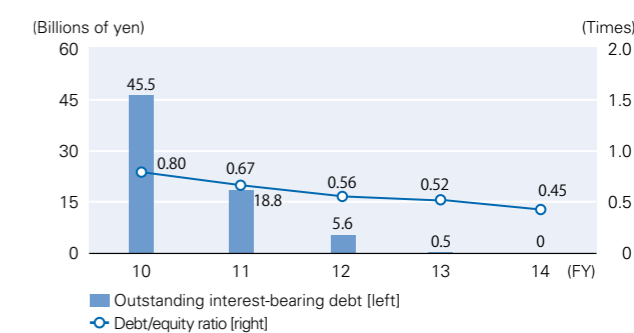
Liabilities and Shareholders' Equity

Total liabilities amounted to ¥218.9 billion, which was a ¥3.0 billion (1.4%) decrease compared to the end of the prior fiscal year. This decrease was mainly due to a reduction in allowance for retirement benefits. Shareholders' equity amounted to ¥489.8 billion, an increase of ¥59.3 billion (13.8%). This increase was mainly due to significantly higher net income attributable to shareholders, fluctuations in foreign currency translation adjustments associated with a weaker yen on the foreign exchange markets, and a decrease in treasury stock. As a result, shareholders' equity ratio improved 3.1-points compared to the prior fiscal year, up to 68.9%. Our debt/equity ratio likewise improved to 0.45 versus 0.52 in the prior year. Shareholders' equity per share was ¥2,254.37 compared to ¥1,956.06 in the prior year.

Working Capital and Current Ratio



Outstanding Interest-Bearing Debt and Debt/Equity Ratio



Cash Flows

Cash and cash equivalents at the end of the fiscal year amounted to ¥102.6 billion, an increase of ¥12.4 billion compared to the end of the prior fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥77.1 billion for year, down ¥2.0 billion compared to the prior fiscal year. This decrease was mainly due to a lower allowance for retirement benefits stemming from contributions to employee pension funds.

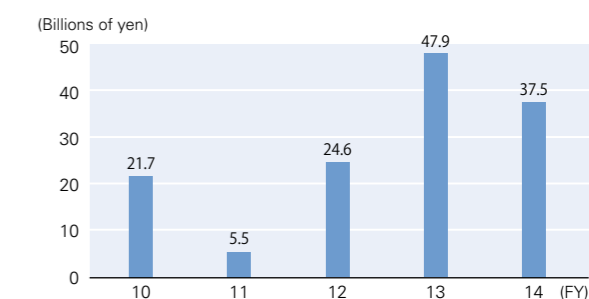
Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥39.5 billion for the year, an increase of ¥8.4 billion over the prior year. This increase was mainly due to investments in production and other facilities, as well as our acquisition of a nebulizer manufacturing and sales company in Brazil.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥29.3 billion, an increase of ¥13.0 billion compared to the prior fiscal year. This result was mainly due to payments of dividends and stock repurchases.

Free Cash Flow



Consolidated Balance Sheets

OMRON Corporation and Subsidiaries
March 31, 2014 and 2015

ASSETS	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2014	FY2014
Current Assets:			
Cash and cash equivalents	¥ 90,251	¥ 102,622	\$ 855,183
Notes and accounts receivable-trade	174,216	178,775	1,489,792
Allowance for doubtful receivables	(1,812)	(1,624)	(13,533)
Inventories	97,677	116,020	966,833
Deferred income taxes	22,688	19,941	166,175
Other current assets	13,473	18,362	153,017
Total Current Assets	396,493	434,096	3,617,467
Property, Plant and Equipment:			
Land	26,344	26,721	222,675
Buildings	140,495	147,120	1,226,000
Machinery and equipment	171,192	202,149	1,684,575
Construction in progress	7,126	6,619	55,158
Total	345,157	382,609	3,188,408
Accumulated depreciation	(209,591)	(231,157)	(1,926,308)
Net Property, Plant and Equipment	135,566	151,452	1,262,100
Investments and Other Assets:			
Investments in and advances to affiliates	21,349	24,318	202,650
Investment securities	51,117	57,106	475,883
Leasehold deposits	6,950	6,971	58,092
Deferred income taxes	20,918	6,366	53,050
Other assets	22,311	30,702	255,850
Total Investments and Other Assets	122,645	125,463	1,045,525
Total	¥ 654,704	¥ 711,011	\$ 5,925,092

Note: U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate on March 31, 2015, of ¥120 = U.S. \$1.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars
	FY2013	FY2014	FY2014
Current Liabilities:			
Short-term debt	¥ 488	¥ -	\$ -
Notes and accounts payable-trade	85,218	92,702	772,517
Accrued expenses	39,897	41,942	349,517
Income taxes payable	6,340	3,680	30,667
Other current liabilities	30,764	38,438	320,317
Total Current Liabilities	162,707	176,762	1,473,018
Deferred Income Taxes	2,167	697	5,808
Termination and Retirement Benefits	50,683	30,393	253,275
Other Long-Term Liabilities	6,369	11,065	92,208
Shareholders' Equity:			
Common stock, no par value:			
Authorized: 487,000,000 shares in 2013 and 2014			
Issued: 217,397,872 shares in 2014	64,100	64,100	534,167
227,121,372 shares in 2013			
Capital surplus	99,067	99,070	825,583
Legal reserve	11,196	13,403	111,692
Retained earnings	287,853	301,174	2,509,783
Accumulated other comprehensive income (loss)	(15,162)	12,489	104,075
Treasury stock, at cost: 144,467 shares in 2014			
7,032,043 shares in 2013	(16,545)	(467)	(3,892)
Total Shareholders' Equity	430,509	489,769	4,081,408
Noncontrolling Interests	2,269	2,325	19,375
Total Net Assets	432,778	492,904	4,100,783
Total	¥654,704	¥711,011	\$5,925,092

Consolidated Statements of Income

OMRON Corporation and Subsidiaries
Years ended March 31, 2013, 2014 and 2015

	Millions of yen			Thousands of U.S. dollars
	FY2012	FY2013	FY2014	FY2014
Net Sales	¥650,461	¥772,966	¥847,252	\$7,060,433
Costs and Expenses:				
Cost of sales	408,954	475,758	514,645	4,288,708
Selling, general and administrative expenses	152,676	181,225	198,103	1,650,858
Research and development expenses	43,488	47,928	47,913	399,275
Other expenses (income), net	4,106	6,048	(797)	(6,641)
Total	609,224	710,959	759,864	6,332,200
Income before Income Taxes and Equity in Earnings of Affiliates	41,237	62,007	87,388	728,233
Income Taxes	14,096	19,475	28,893	240,775
Equity in Loss (Earnings) of Affiliates	(2,976)	(3,782)	(3,937)	(32,809)
Net Income	30,117	46,314	62,432	520,267
Net Income (Loss) Attributable to Noncontrolling Interests	(86)	129	262	2,184
Net Income Attributable to Shareholders	¥ 30,203	¥ 46,185	¥ 62,170	\$ 518,083

	Yen			U.S. dollars
	FY2012	FY2013	FY2014	FY2014
Per Share Data:				
Net Income Attributable to Shareholders				
Basic	¥137.20	¥209.82	¥283.89	\$2.37
Diluted	137.20	—	283.89	2.37

Note: U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate on March 31, 2015, of ¥120 = U.S. \$1.

Consolidated Statements of Comprehensive Income

OMRON Corporation and Subsidiaries
Years ended March 31, 2013, 2014 and 2015

	Millions of yen			Thousands of U.S. dollars
	FY2012	FY2013	FY2014	FY2014
Net Income	¥30,117	¥46,314	¥62,432	\$520,267
Other Comprehensive Income (Loss), Net of Tax:				
Foreign currency translation adjustments:				
Foreign currency translation adjustments arising during the year	22,523	18,946	21,846	182,050
Reclassification adjustment for the portion realized in net income	(43)	(1)	—	—
Net unrealized gain (loss)	22,480	18,945	21,846	182,050
Pension liability adjustments:				
Pension liability adjustments arising during the year	(21)	326	227	1,892
Reclassification adjustment for the portion realized in net income	(894)	1,375	1,316	10,967
Net unrealized gain (loss)	(915)	1,701	1,543	12,859
Unrealized gains (losses) on available-for-sale securities:				
Unrealized holding gains (losses) arising during the year	2,317	10,002	7,074	58,950
Reclassification adjustment for losses on impairment realized in net income	693	—	—	—
Reclassification adjustment for net gains on sale realized in net income	(425)	(1,116)	(3,062)	(25,517)
Net unrealized gain (loss)	2,585	8,886	4,012	33,433
Net gains (losses) on derivative instruments:				
Unrealized holding gains (losses) arising during the year	(455)	(1,409)	(656)	(5,467)
Reclassification adjustment for net gains (losses) realized in net income	549	1,249	975	8,125
Net unrealized gain (loss)	94	(160)	319	2,658
Other Comprehensive Income (Loss)	24,244	29,372	27,720	231,000
Comprehensive Income	54,361	75,686	90,152	751,267
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	74	314	331	2,758
Comprehensive Income attributable to shareholders	¥54,287	¥75,372	¥89,821	\$748,509

Note: U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate on March 31, 2015, of ¥120 = U.S. \$1.

Consolidated Statements of Shareholders' Equity

OMRON Corporation and Subsidiaries
Years ended March 31, 2013, 2014 and 2015

	Number of common shares issued	Millions of yen								
		Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total shareholders' equity	Noncontrolling interests	Total net assets
Balance, March 31, 2012	239,121,372	¥ 64,100	¥ 99,078	¥ 10,034	¥ 260,557	¥ (68,433)	¥ (44,496)	¥ 320,840	¥ 840	¥ 321,680
Net income					30,203			30,203	(86)	30,117
Cash dividends paid to OMRON Corporation shareholders, ¥37 per share					(8,145)			(8,145)		(8,145)
Cash dividends paid to noncontrolling interests									(2)	(2)
Equity transaction with noncontrolling interests and other			(12)					(12)	889	877
Transfer to legal reserve				842	(842)					
Other comprehensive income (loss)						24,084		24,084	160	24,244
Acquisition of treasury stock							(9)	(9)		(9)
Sale of treasury stock					(0)		1	1		1
Retirement of treasury stock	(12,000,000)				(28,119)		28,119			
Balance, March 31, 2013	227,121,372	64,100	99,066	10,876	253,654	(44,349)	(16,385)	366,962	1,801	368,763
Net income					46,185			46,185	129	46,314
Cash dividends paid to OMRON Corporation shareholders, ¥53 per share					(11,666)			(11,666)		(11,666)
Equity transaction with noncontrolling interests and other									154	154
Transfer to legal reserve				320	(320)					
Other comprehensive income (loss)						29,187		29,187	185	29,372
Acquisition of treasury stock							(161)	(161)		(161)
Sale of treasury stock			1				1	2		2
Balance, March 31, 2014	227,121,372	64,100	99,067	11,196	287,853	(15,162)	(16,545)	430,509	2,269	432,778
Net income					62,170			62,170	262	62,432
Cash dividends paid to OMRON Corporation shareholders, ¥71 per share					(15,513)			(15,513)		(15,513)
Cash dividends paid to noncontrolling interests									(277)	(277)
Equity transaction with noncontrolling interests and other									2	2
Transfer to legal reserve				2,207	(2,207)					
Other comprehensive income (loss)						27,651		27,651	69	27,720
Acquisition of treasury stock							(15,054)	(15,054)		(15,054)
Sale of treasury stock							1	1		1
Retirement of treasury stock	(9,723,500)		(2)		(31,129)		31,131			
Issuance of stock acquisition rights			5					5		5
Balance, March 31, 2015	217,397,872	¥ 64,100	¥ 99,070	¥ 13,403	¥ 301,174	¥ 12,489	¥ (467)	¥ 489,769	¥ 2,325	¥ 492,094

	Number of common shares issued	Thousands of U.S. dollars								
		Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total shareholders' equity	Noncontrolling interests	Total net assets
Balance, March 31, 2014	227,121,372	\$ 534,167	\$ 825,558	\$ 93,300	\$ 2,398,775	\$ (126,350)	\$ (137,875)	\$ 3,587,575	\$ 18,908	\$ 3,606,483
Net income					518,083			518,083	2,183	520,266
Cash dividends paid to OMRON Corporation shareholders, \$0.59 per share					(129,275)			(129,275)		(129,275)
Cash dividends paid to noncontrolling interests									(2,308)	(2,308)
Equity transaction with noncontrolling interests and other									17	17
Transfer to legal reserve				18,392	(18,392)					
Other comprehensive income (loss)						230,425		230,425	575	231,000
Acquisition of treasury stock							(125,450)	(125,450)		(125,450)
Sale of treasury stock			0				8	8		8
Retirement of treasury stock	(9,723,500)		(17)		(259,408)		259,425			
Issue of stock acquisition rights			42					42		42
Balance, March 31, 2015	217,397,872	\$ 534,167	\$ 825,583	\$ 111,692	\$ 2,509,783	\$ 104,075	\$ (3,892)	\$ 4,081,408	\$ 19,375	\$ 4,100,783

Note: U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate on March 31, 2015, of ¥120 = U.S. \$1.

Consolidated Statements of Cash Flows

OMRON Corporation and Subsidiaries
Years ended March 31, 2013, 2014 and 2015

	Millions of yen			Thousands of U.S. dollars
	FY2012	FY2013	FY2014	FY2014
Operating Activities:				
Net income	¥ 30,117	¥ 46,314	¥ 62,432	\$ 520,267
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	22,452	25,089	28,339	236,158
Net loss on sales and disposals of property, plant and equipment	578	1,146	3,432	28,600
Loss on impairment of long-lived assets	3,265	804	137	1,142
Net gain on sale of investment securities	(677)	(1,714)	(4,337)	(36,142)
Loss on impairment of investment securities	1,086	501	166	1,383
Loss on impairment of goodwill	153	—	—	—
Termination and retirement benefits	(4,433)	(4,417)	(17,427)	(145,225)
Deferred income taxes	3,762	2,170	11,938	99,483
Equity in loss (earnings) of affiliates	(2,976)	(3,782)	(3,937)	(32,808)
Changes in assets and liabilities:				
Decrease (increase) in notes and accounts receivable-trade	(5,827)	(6,613)	3,384	28,200
Decrease (increase) in inventories	8,641	(325)	(10,671)	(88,925)
Decrease (increase) in other assets	21	(32)	(2,828)	(23,567)
Increase (decrease) in notes and accounts payable-trade	(5,927)	5,824	1,658	13,817
Increase (decrease) in income taxes payable	3,121	2,277	(3,127)	(26,058)
Increase in accrued expenses and other current liabilities	1,519	10,883	6,318	52,650
Other, net	(1,817)	919	1,580	13,167
Total adjustments	22,941	32,730	14,625	121,875
Net cash provided by operating activities	53,058	79,044	77,057	642,142
Investing Activities:				
Proceeds from sale or maturities of investment securities	1,658	2,840	5,274	43,950
Purchase of investment securities	(0)	(2,179)	(603)	(5,025)
Capital expenditures	(30,383)	(32,218)	(37,123)	(309,358)
Decrease in leasehold deposits, net	457	75	118	983
Proceeds from sale of property, plant and equipment	836	794	768	6,400
Decrease (increase) in investment in and loans to affiliates	(1,884)	209	(30)	(250)
Proceeds from sale of business	90	26	—	—
Acquisition of business, net of cash acquired	141	(672)	(8,003)	(66,692)
Purchase of noncontrolling interests	(10)	—	—	—
Other, net	624	—	82	684
Net cash used in investing activities	(28,471)	(31,125)	(39,517)	(329,308)
Financing Activities:				
Net repayments of short-term debt	(13,273)	(5,135)	(853)	(7,108)
Dividends paid by the Company	(6,164)	(10,566)	(12,985)	(108,208)
Dividends paid to noncontrolling interests	(2)	—	(277)	(2,308)
Proceeds from equity transactions with noncontrolling interests	819	22	—	—
Acquisition of treasury stock	(9)	(161)	(15,054)	(125,450)
Other, net	79	(458)	(134)	(1,118)
Net cash used in financing activities	(18,550)	(16,298)	(29,303)	(244,192)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	4,414	2,922	4,134	34,450
Net Increase (Decrease) in Cash and Cash Equivalents	10,451	34,543	12,371	103,092
Cash and Cash Equivalents at Beginning of the Year	45,257	55,708	90,251	752,091
Cash and Cash Equivalents at End of the Year	¥ 55,708	¥ 90,251	¥ 102,622	\$ 855,183

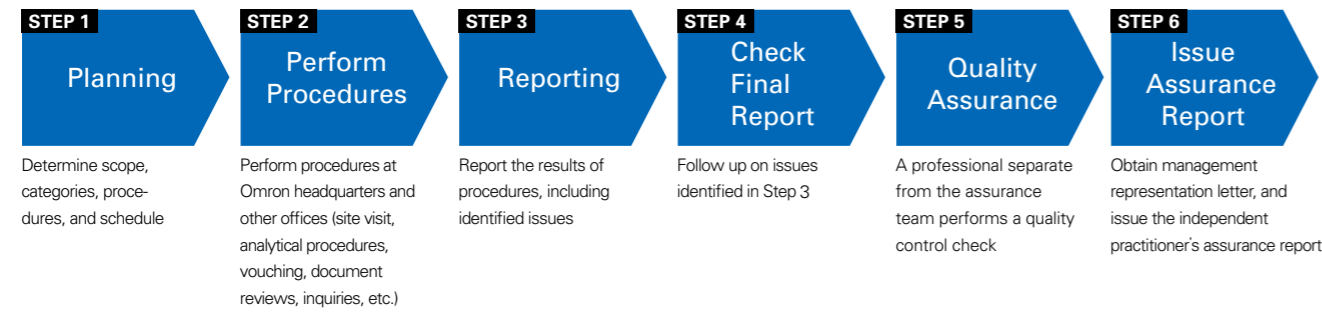
Note: U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate on March 31, 2015, of ¥120 = U.S. \$1.

Independent Practitioner's Assurance

Omron believes the independent assurance process is important to improve the accuracy and objectivity of its Integrated Report 2015. The following information contained in the Integrated Report was reviewed by an independent third party^{*1}. The process leading to issuance of the Independent Practitioner's Assurance Report was as follows.

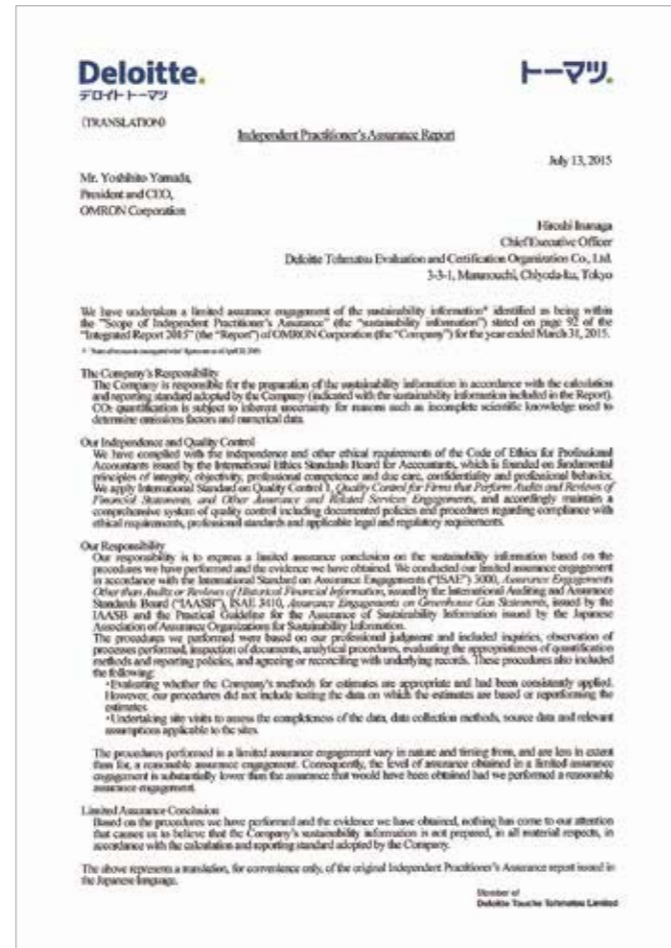
^{*1} Deloitte Tohmatsu Evaluation and Certification Organization Co., Ltd.: A related company of Deloitte Touche Tohmatsu LLC, a member firm of Deloitte Touche Tohmatsu Limited.

Independent Practitioner's Assurance Process



Scope of Independent Practitioner's Assurance Report

- Number of employees (P. 18–19)
- Ratio of overseas employees to total employees (P. 18–19)
- Ratio of non-Japanese in managerial positions overseas (P. 16)
- Ratio of women in managerial roles (Japan) (P. 16)
- Ratio of employees with disabilities (P. 17)
- Number of TOGA entries and participants (P. 16)
- Number of patents held (P. 18–19, 56)
- CO₂ emissions of global production sites (P. 17, 18–19)
- Global net sales to CO₂ emissions (P. 17)
- Environmental contribution (P. 17, 18–19)



From the Editor-in-Chief

Omron began planning for integrated reporting during fiscal 2011, issuing our first Integrated Report in 2012, combining our financial and non-financial CSR report.

In both 2013 and 2014, we received the Award for Excellence in Integrated Reporting from the World Intellectual Capital Initiative Japan, a partner with the International Integrated Reporting Council (IIRC). Nikkei Inc., publisher of the Nikkei Shimbun, likewise honored Omron as the 2014 winner of the Nikkei Annual Report Awards Grand Prix, as well as the most outstanding company in the integrated reporting category. The Tokyo Stock Exchange singled out Omron from among 3,400 publicly traded firms to receive their highest recognition, the Corporate Value Improvement Award. The award has recognized Omron for our earnings capacity, made possible through our management professionalism and information disclosure practices.

We believe that issuing integrated reports over the past three years has led us to better practice our management philosophy: Provide the products and services that society requires, thereby contributing to the development of global society while growing as a company.

At the same time, writing these reports has helped deepen our critical integrated thinking. It has helped us manage with an eye fixed on long-term, sustainable corporate value improvement.

Our Integrated Report 2014 conforms to the integrated reporting framework recommended by the IIRC and the World Intellectual Capital Initiative. At the same time, we worked harder on our coverage of materiality (important management issues) and connectivity (between financial and

non-financial information). Specifically, we have described our process for selecting material information to disclose, as well as visualizing our business model. Now, we can tell a much more effective story of how Omron keeps creating unique corporate value.

We have also taken steps to improve reliability by contracting an independent assurance to prove how important management indicators are related to non-financial information. This is in answer to the call of the IIRC for providing more assurance in this area.

As the editor-in-chief of this Integrated Report, I can assure the reader of the validity of the process by which it was created, as well as the accuracy of the content herein.

At Omron, we will continue to lead the way in integrated reporting in Japan. I encourage you to help us in this endeavor by sharing your frank opinions and ideas with us.

Satoshi Ando
 Managing Executive Officer
 Senior General Manager
 Global Investor Relations &
 Corporate Communications HQ

July 2015



Omron Integrated Report 2014: Awarded for Excellence



Omron Integrated Report 2014 was selected winner of the Award for Excellence in Integrated Reporting from the World Intellectual Capital Initiative Japan. Our integrated reporting has also been recognized by Nikkei Inc., as the winner of the Nikkei Annual Report Awards 2014 Grand Prix, as well as most outstanding in the integrated reporting category.



Corporate Information / Stock Information As of March 31, 2015

Date of Formation — May 10, 1933
Date of Establishment — May 19, 1948
Paid-in Capital — ¥64,100 million
Number of Employees (Consolidated) — 37,572
Common Stock Issued — 217,398 thousand shares
Trading Unit — 100 shares
Number of Shareholders — 34,832
Stock Listings — Tokyo Stock Exchange, Frankfurt Stock Exchange

Securities Code — 6645
Fiscal Year-End — March 31
Annual Shareholders' Meeting — June
Custodian of Register of Shareholders — Mitsubishi UFJ Trust and Banking Corporation
Depository and Transfer Agent for American Depository Receipts — JPMorgan Chase Bank, N.A.
Head Office — Shiokoji Horikawa, Shimogyo-ku, Kyoto 600-8530, Japan
 Tel: +81-75-344-7000
 Fax: +81-75-344-7001

Overseas Headquarters

Europe
 OMRON MANAGEMENT CENTER OF EUROPE (The Netherlands)

North America
 OMRON MANAGEMENT CENTER OF AMERICA (Illinois)

Brazil
 OMRON MANAGEMENT CENTER OF BRAZIL (São Paulo)

Asia Pacific
 OMRON MANAGEMENT CENTER OF ASIA PACIFIC (Singapore)

India
 OMRON MANAGEMENT CENTER OF INDIA (Haryana)

Greater China
 OMRON MANAGEMENT CENTER OF CHINA (Shanghai)

Major Manufacturing & Development, Sales & Marketing, and Research & Development Centers in Japan

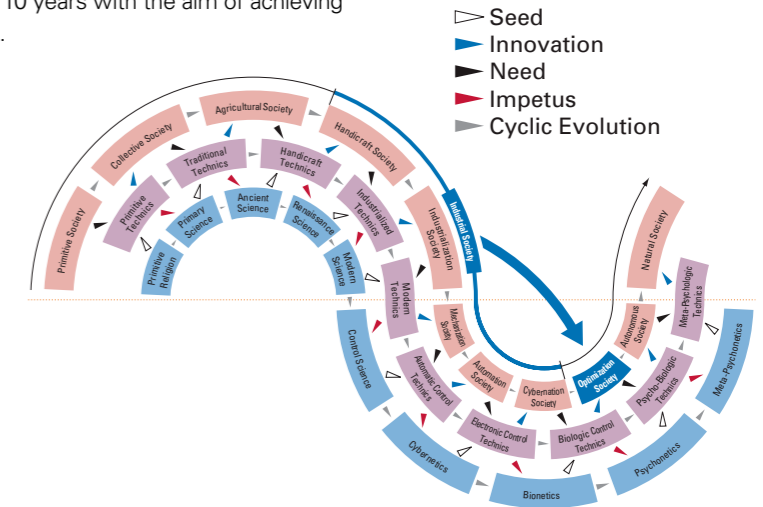
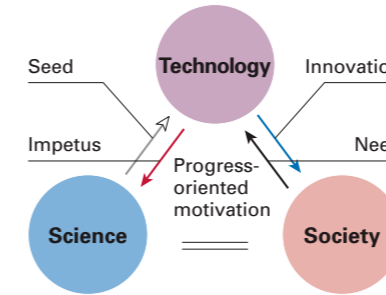
Manufacturing & Development — Kusatsu Office, Ayabe Office, Yasu Office

Research & Development — Keihanna Technology Innovation Center, Okayama Office

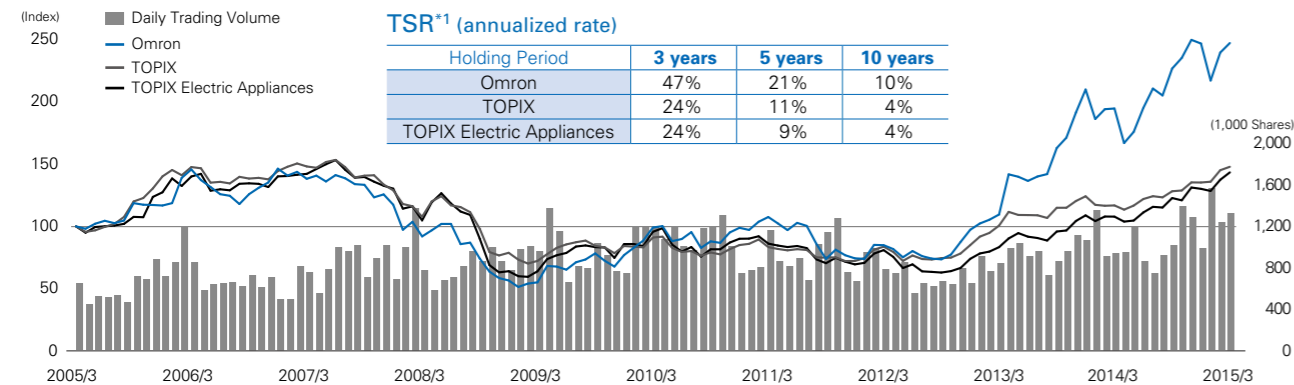
Sales & Marketing — Tokyo Office, Mishima Office, Nagoya Office, Osaka Office

Management Compass—The SINIC Theory

Omron announced this predictive theory at the First Future Research World Congress in April 1970. From the 1990s onward, Omron has set a long-term management vision based on this predictive theory formulated every 10 years with the aim of achieving sustainable growth from a long-term perspective.



Stock Price and Daily Trading Volume Tokyo Stock Exchange and Osaka Securities Exchange



Notes: 1. Share index (2005/3E = 100)
 2. Stock price and trading volume information is for the 1st section of the Osaka Securities Exchange before July 16, 2013, and for the 1st section of the Tokyo Stock Exchange thereafter.
 3. TSR holding period indexed to March 2015

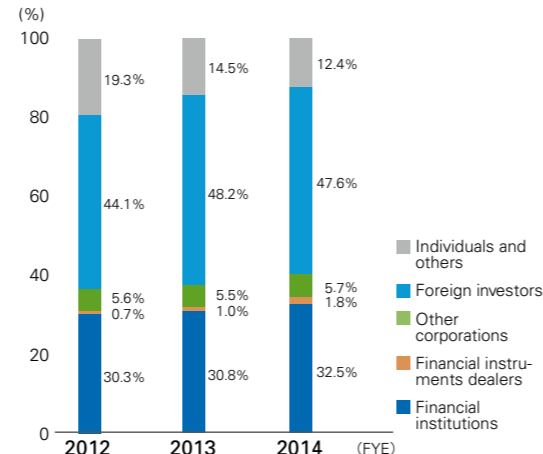
*1 TSR (Total Shareholder Return): Total investment return, combining capital gains and dividends

52-Week High/Low, Volatility*2

FY	High (¥)	Low (¥)	Volatility (%)
2005	3,620	2,210	25.5
2006	3,590	2,615	27.1
2007	3,510	1,950	36.3
2008	2,385	940	52.4
2009	2,215	1,132	35.9
2010	2,418	1,749	34.7
2011	2,357	1,381	36.5
2012	2,478	1,436	29.9
2013	4,730	2,213	39.7
2014	5,800	3,365	30.9

*2 Volatility: Price fluctuation risk, expressed in standard deviations

Ownership and Distribution of Shares



Website

For more information, please visit our website.



About Omron
<http://www.omron.co.jp/> (Japanese)
<http://www.omron.com/> (English)



Investor Relations
<http://www.omron.co.jp/ir/> (Japanese)
<http://www.omron.com/ir/> (English)



CSR
<http://www.omron.co.jp/about/csr/> (Japanese)
<http://www.omron.com/about/csr/> (English)

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