Integrated Report 2013

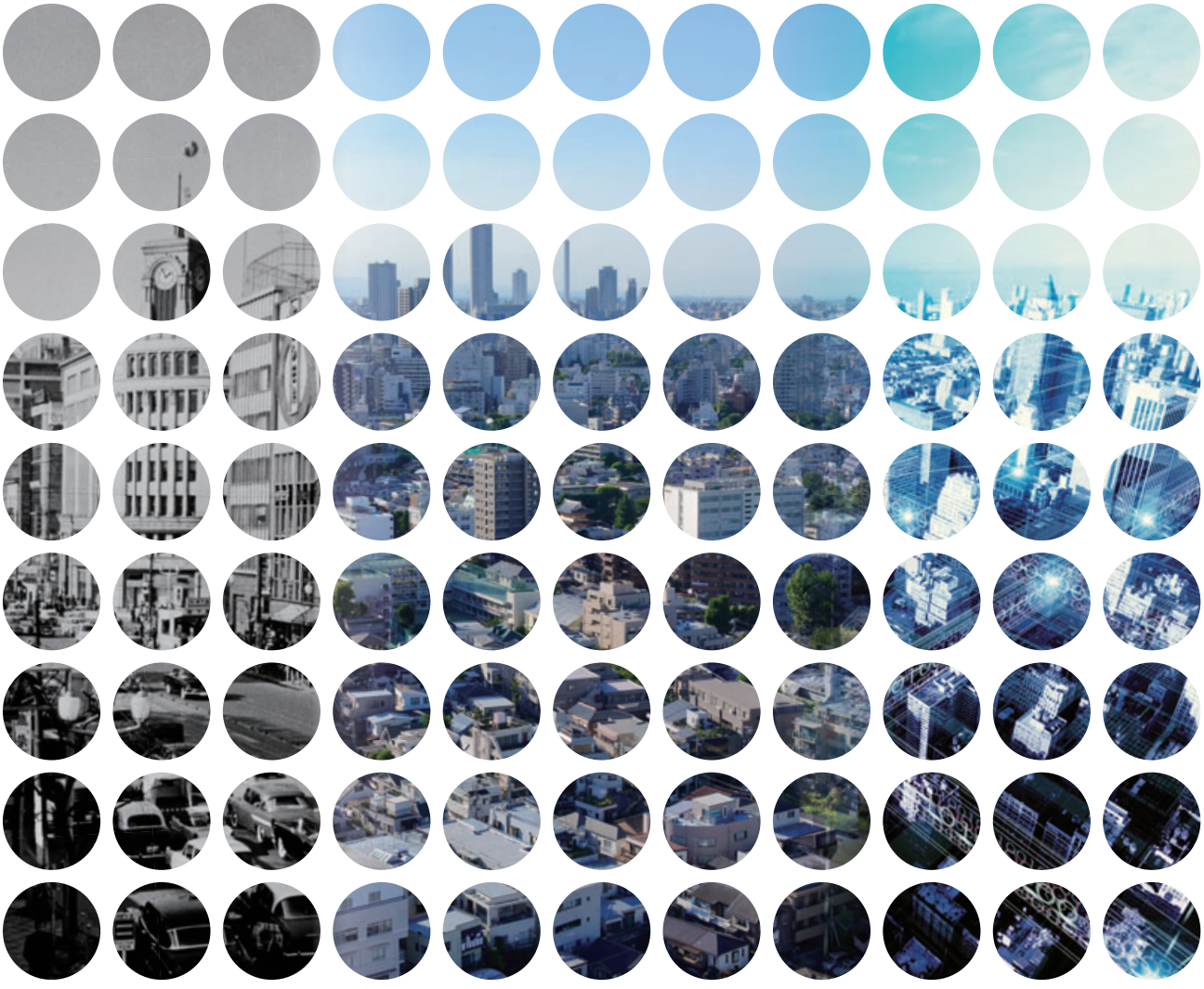
Year ended March 31, 2013

80th anniversary

automate?

OMRON

Sensing tomorrow™



New Automation Solutions for a Changing World

Omron Corporation is commemorating the 80th anniversary of its founding.

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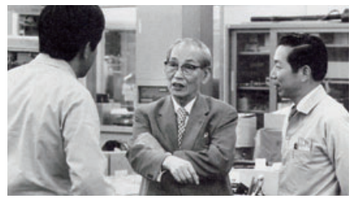

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Inclusion in SRI Indexes

Omron's CSR activities have earned high praise from around the world, and the Company's shares are included in two major socially responsible investment (SRI) indexes: the Morningstar Socially Responsible Investment Index and the Asia Pacific (AP) version of the Dow Jones Sustainability Indexes (DJSI).

MS-SRI モーニングスター社会的責任投資株価指数 Morningstar Socially Responsible Investment Index

As of July 2013

Dow Jones Sustainability Indexes Member 2012/13

Asia Pacific (AP)

Editorial Policy

The scope of this report covers the 165 companies of the Omron Group, consisting of 153 consolidated subsidiaries and 12 non-consolidated subsidiaries and affiliates accounted for under the equity method (as of March 31, 2013). 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, and benefits, 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, 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.

Omron Reaches 80-Year Milestone

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

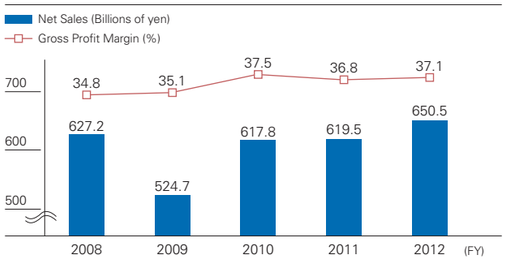
The Milestone of 80 Years

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

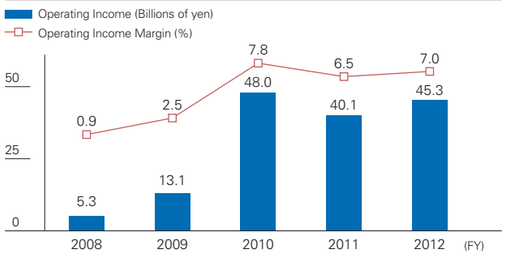
In the 80 years since Omron's founding, the world has changed dramatically. In 1933, the world's population was around 2 billion; today, it exceeds 7 billion. Not only that, per capita GDP has increased by roughly four times and the average lifespan has nearly doubled. Throughout its 80-year history, Omron has taken on countless challenges as it pursued technological innovation ahead of social needs. By creating new value centered on automation, I am confident that we contributed to the sound and sustainable growth of society and the improvement of people's lives. Omron has grown by leaps and bounds and is now a global leader in the field of automation with over 35,000 employees working in more than 110 countries around the world.

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

Net Sales and Gross Profit Margin



Operating Income and Operating Income Margin

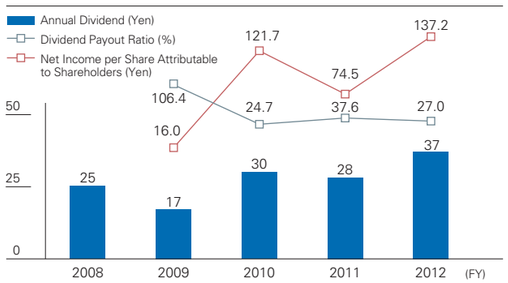


Fiscal 2012 Performance and Shareholder Returns

In fiscal 2012, of our five mainstay businesses, Automotive Electronic Components Business (AEC), Social Systems, Solutions and Service Business (SSB), and Healthcare Business (HCB) saw favorable growth in sales. As a result, overall net sales increased 5.0% year on year to ¥650.5 billion, and operating income was up 13.0%, to ¥45.3 billion. In regard to profit structure reforms, sales and marketing divisions worked to increase profitability while production and development divisions introduced competitive, new products and improved their operating processes. These steadfast efforts led to a 0.3-percentage-point rise in the gross profit margin, to 37.1%.

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

Dividend, Dividend Payout Ratio, and EPS



Pursuit of Higher Corporate Value

In pursuit of higher corporate value, we emphasize capital efficiency in our management. To that end, we have been utilizing return on invested capital (ROIC) as an internal management index. In April 2013, we disclosed our consolidated ROIC target.

In order to facilitate our efforts on this front, we established the new position of Chief Financial Officer (CFO) in fiscal 2013. This is a change that I advocated myself based on the belief that it would help accelerate our decision making, improve the quality of management, and heighten corporate value.

In Value Generation 2020 (VG2020), the long-term management strategy released in July 2011, we declare our dedication to growth. The first three years of the 10-year period leading up to 2020 have been designated as the "GLOBE STAGE," during which we will target the establishment of a global profit and growth structure. Fiscal 2013 is the final year of this stage, and our goal for this year is to transform Omron into a stronger company that realizes synergetic relationships between growth potential, profitability, and responsiveness to change. As such, we will work even harder on profit and growth structure reform. The economic climate is currently undergoing substantial change as the too-strong yen depreciates. We will transform such changes into opportunity and accelerate our growth strategies.

To Become a Company That Society Requires

Omron will remain dedicated to resolving the numerous issues facing people through its business. We will strive to make Omron a company that people around the world require, with high expectations. I would like to ask for your continued support.

July 2013

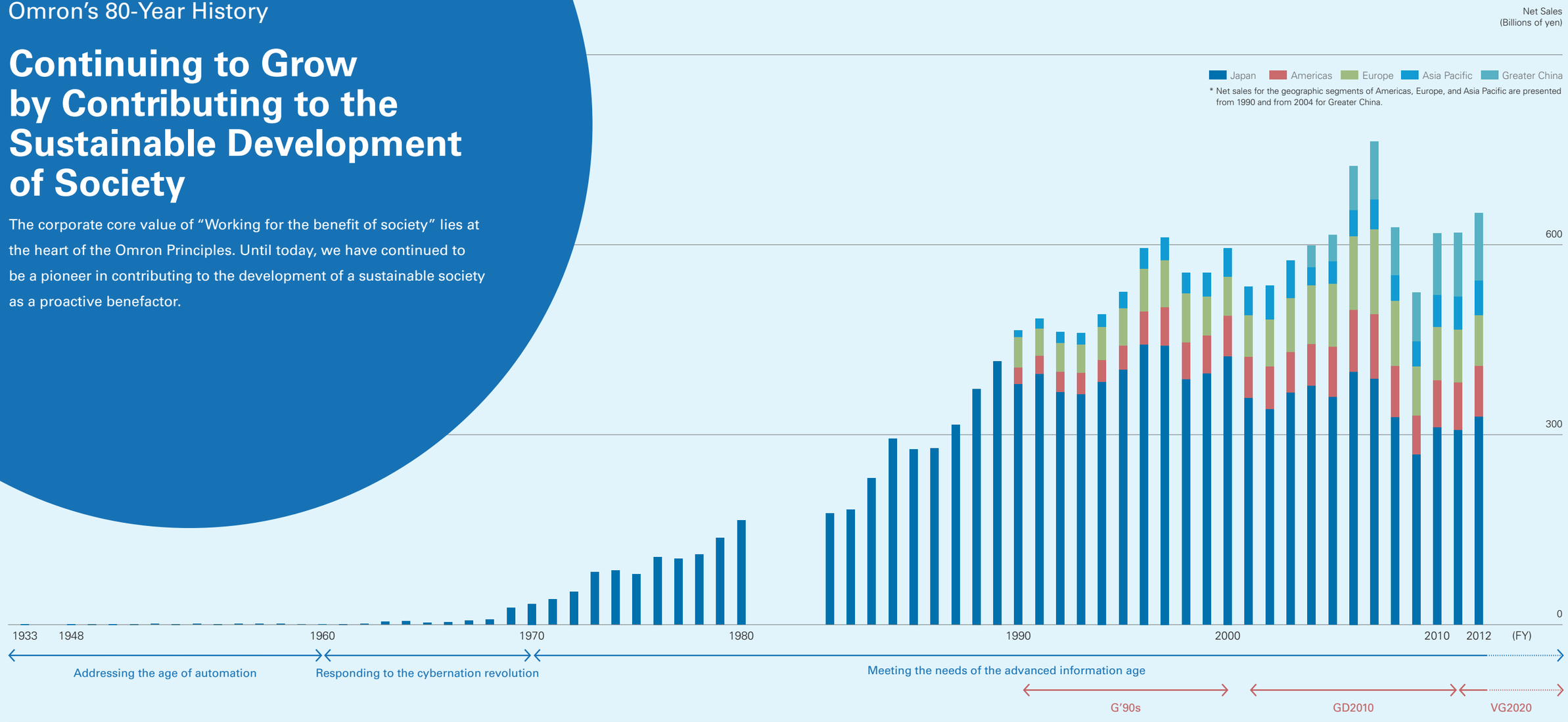
Yoshihito Yamada
President and CEO

Y. Yamada

Omron's 80-Year History

Continuing to Grow by Contributing to the Sustainable Development of Society

The corporate core value of "Working for the benefit of society" lies at the heart of the Omron Principles. Until today, we have continued to be a pioneer in contributing to the development of a sustainable society as a proactive benefactor.



1933: Tateisi Electric Manufacturing Co. established in Osaka and begins production of X-ray timers.

1945: Production moved to Kyoto after main factory in Osaka is destroyed by fire during World War II.

1948: Company name changed to Tateisi Electronics Co and Kazuma Tateishi assumes role of president.

1959: Company motto and "OMRON" trademark established.

1960: World's first non-contact (solid state) switch developed.

1960: Central R&D Laboratory completed in Nagaokakyo, Kyoto.

1964: World's first automated traffic signal developed.

1967: World's first unmanned train station system developed.

1968: OMRON Tateisi Electronics Co. established as company's official English name.

1969: World's smallest desk-top electronic calculator, "CALCULET-1200," launched.

1971: World's first online automated cash dispenser developed.

1972: OMRON Taiyo Electronics Co., Japan's first factory for workers with disabilities, jointly established with Japan Sun Industries.

1983: Electronic thermometer goes on sale.

1987: World's first ultra-high-speed fuzzy logic controller developed.

1988: European regional management center established in the Netherlands (Omron Europe B.V.).

1988: Asia Pacific regional management center established in Singapore (Omron Asia Pacific Pte. Ltd.).

1989: North American regional management center established in the United States (Omron Management Center of America, Inc.).

1989: Golden '90s Plan (G'90s) long-term vision announced.

1990: Company name changed to Omron Corporation.

1991: In-line inspection system developed.

1994: Greater China regional management center established in Beijing, China (Omron (China) Co., Ltd.).

1995: Distance warning system for motor vehicles developed.

1996: "VT-WIN" PCB solder inspection system developed.

1998: Machine capable of identifying counterfeit notes in various currencies developed.

1999: Internal company system established to separate management oversight and business operations.

2001: Grand Design 2010 (GD2010) plan announced.

2003: Global R&D hub Keihanna Technology Innovation Center established in Soraku-gun, Kyoto.

2004: Face recognition technology for mobile phones developed.

2006: New Omron Principles established.

2006: Global design/production center for control devices begins operations in Shanghai, China.

2007: Omron ramps up development of safety business (machine safeguarding).

2007: New R&D center opened in China.

2007: Omron 3D image sensing technology put to practical use through world's first real-color 3D Vision Sensor.

2009: Full-fledged participation in environmental solutions business commenced.

2010: METI Minister's Prize in Energy Conservation Grand Prix Program received, along with City of Kyoto Board of Education, in recognition of activities to track energy usage volume and support energy conservation education at Kyoto municipal schools.

2010: "WellnessLink" health management web service launched.

2011: Long-term management strategy, Value Generation 2020 (VG2020), announced.

2011: Sysmac NJ series of comprehensive machine automation controllers launched.

2012: OMRON Management Centre of India established in Gurgaon, Haryana State, India.

2012: 2012 Integrity Award Grand Prize from Japan's Integrity Award Council received.

2012: OMRON Management Center of Latin America established in Sao Paulo, Brazil.

2013: Two METI Minister's prizes received in environmental solutions field (Energy Conservation Grand Prix Program and New Energy Grand Prix Program).

Omron's 80-Year History

A History of Creating Social Innovations Using Advanced Technologies

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

In May 1933, Kazuma Tateishi founded Tateisi Electric Manufacturing Co., Omron's predecessor. In the years that followed, the company continued to create products that were the first in Japan or in the world. In 1948, the company was reborn as Tateisi Electronics Co. after succeeding in the mass-production of the current limiters it had developed to tackle the electricity crises that followed World War II.

1948
Current limiter

Leading the times with an unrelenting intrepid spirit

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

Founding (1933) → 1960

Addressing the age of automation

1943
First domestically produced micro switch

1960
World's first non-contact switch

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

1960s → 1970s →

Responding to the cybernation revolution

Omron founder Kazuma Tateishi with engineers

1960
Central R&D Laboratory after completion of construction

Promoting automation at production sites

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

Hands-on programming experience corner at Sysmac exhibition

Realizing improved operational efficiency and automation of railway operations

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

1967
World's first fully unmanned train station system

Acting in accordance with the philosophy of "To the machine, the work of the machine, to man the thrill of creation," Omron continued to provide automation systems in response to social needs for increased productivity and efficiency, making large contributions to the development of a more fulfilling society. The Company also worked to automate social infrastructure and healthcare.

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

Industrial Automation Business (IAB) Electronic and Mechanical Components Business (EMC)
Social Systems, Solutions and Service Business (SSB)

Contributions to the Development of a Safer and More Comfortable Global Society

Signing of production outsourcing agreement with Shanghai Huayi Electronic

Production sites established and operated in Shanghai to produce sensors, FA systems, and control equipment

Contributing to Chinese society

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

1970s → Present

Meeting the needs of the advanced information age

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

Regional management center, the Netherlands

Regional management center, Singapore

Regional management center, the United States

* Photographs are at time of establishment.

First-generation blood pressure monitor, launched in 1973

Blood pressure monitor currently being sold in Russia

Contributing to healthcare by people moved by ideals and dreams

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

Passing the waypoint of 80 years to advance toward the next challenge

Creating definite value in Asia and around the world

Present → Future

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

Commencing full-fledged participation in the environmental solutions business

In 2009, when impacts on society of global warming and other environmental issues were rising, Omron commenced full-fledged participation in the environmental solutions business. By leveraging its energy conversion and control technologies, Omron will construct a unique value chain that helps energy be created without waste, stored effectively, and used wisely. Through these efforts, we will contribute to the maximization of energy efficiency through all stages of the energy life cycle.

Supporting the evolution of motoring societies with our automotive electronics business

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

Product for eco-friendly vehicles

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

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

Omron's Businesses

Committed to contributing to the development of emerging countries and other societies through our business activities:

- Industrial Automation
- Electronic and Mechanical Components
- Automotive Electronic Components
- Social Systems
- Healthcare
- Environmental Solutions

Creating the unique type of value that only Omron can.

Leading Market Shares (Approx.)

(As of July 2013)

Industrial Automation Business (IAB)

40%

Omron's mainstay business, leading the innovation of global manufacturing through factory automation (FA)

More than 100,000 FA controllers, sensors, switches, relays, and safety devices to help improve the productivity of manufacturing facilities. Omron boasts the top share of the Japanese market for control equipment and has operations in more than 40 countries and 160 regions, including China and countries in Europe, North America, and the rest of Asia.

Control-Related Equipment (Japanese Market Share)

40%

Source: Nippon Electric Control Equipment Industries Association (NECA)

Electronic and Mechanical Components Business (EMC)

13%

Providing the global market with sophisticated components that create beneficial relationships between people and machines in a variety of fields

Relays, switches, connectors, and other fundamental components for use in industrial equipment, consumer and commercial products, automotive equipment, and various other items. Components that are steeped in our superior technologies and have developed over our long history of operation.

Relays (Global Market Share)

20%

Source: Internal survey

Automotive Electronic Components Business (AEC)

15%

Undertaking new challenges in the automotive electronics field to help make automobiles safer and friendlier toward people and the environment

Power window switches with anti-pinching functions, keyless entry systems, and various other products that utilize our highly functional controller, sensor, switch, and relay technologies to make motoring safer and more comfortable.

Body Control Units for *keijidousha* (a class of small automobiles defined by Japanese standards) (Japanese Market Share)

50%

Source: Internal survey

Social Systems, Solutions and Service Business (SSB)

11%

Offering diverse systems for social infrastructure to assist making society safer and more comfortable for everyone

Includes train station solutions, such as automated ticket gates and ticket vending machines, as well as traffic control systems and other road traffic solutions.

Railway Infrastructure Equipment (Japanese Market Share)

40%

Source: Internal survey

Healthcare Business (HCB)

11%

Providing a comprehensive product lineup to support daily healthcare efforts, whether at home or at medical facilities

Digital blood pressure monitors highly accurate and easy to use at home, with the number one share of the global market. Continually introducing new healthcare products and services into the global market, including thermometers, nebulizers, and pedometers.

Home-Use Digital Blood Pressure Monitors (Global Market Share)

50%

Source: Internal survey

Other Businesses

9%

Exploring and developing new businesses outside the realm of the main five segments / Environmental solutions business and other operations playing an important part in advancing the Omron Group's growth strategy

Energy conversion and control technologies to help maximize energy efficiency with regard to energy creation, storage, and saving, and plug-in module PC and uninterruptible power supply units to provide security and reliability for the IT and industrial equipment markets.

Residential-Use PV Inverters (Japanese Market Share)

33%

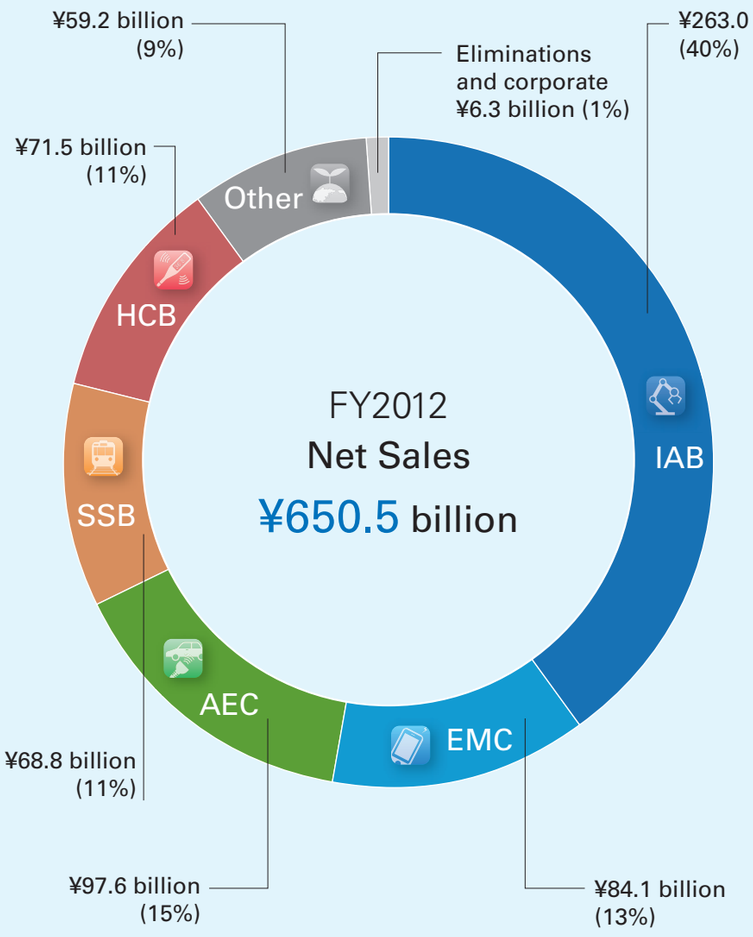
Source: Internal survey

FY1960
Net Sales
¥0.83 billion

Constructed Central R&D Laboratory
Solidified foundations for future business growth

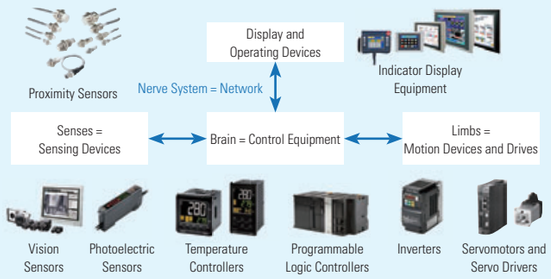
FY1990
Net Sales
¥464.4 billion

Changed name from OMRON Tateisi Electronics Co. to Omron Corporation
Began operating as a "New Omron"



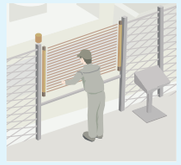
• Industrial Automation Business

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



• Safety Equipment

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




Safety Controllers


Safety Light Curtains


Safety Door Switches


Safety Laser Scanners

• Environmental Equipment

IAB's environmental equipment provides constant monitoring of manufacturing environment data, such as the presence of foreign particles and temperature and humidity levels, and provides analysis of electric power consumption data, thereby contributing to maintaining product quality standards while also providing data to help reduce excess power consumption and improve energy efficiency.


Air Particle Sensors


Air Cleaning Units


Ionizers


Air Thermal Sensors

• Automated Optical Inspection Devices

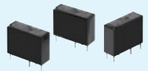
IAB's automated optical inspection devices use visual cameras and other means to detect defective products, thereby helping production processes to be automated.


Printed Circuit Board Inspection Systems

Segment Information ▸ P.50

• Relays and Switches

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


Printed Circuit Board Power Relays


Surface Mount Switches

• OKAO Vision

OKAO Vision is gaining wide use as a technology for correcting exposure in digital photography and brightness in photo printing, and its face recognition capability is utilized in mobile phone user verification as well as in estimating age and determining gender.

OKAO Vision Facial Image Sensing

• Connectors

Connectors are used as an interface between electronic devices and are widely used in mobile devices, industrial equipment, and other electronics.


FPC Connectors

• Sensors and Modules

We respond to various needs from the digital imaging and amusement industries.

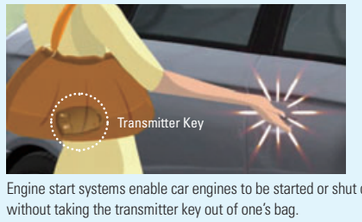

Printer Toner Sensors

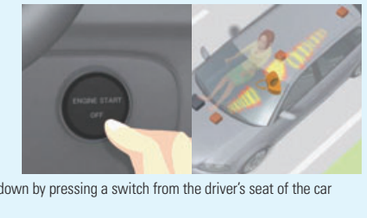

Power Supply Units for Amusement Devices

Segment Information ▸ P.52

• Transmitter Key and Engine Start Systems

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





Engine start systems enable car engines to be started or shut down by pressing a switch from the driver's seat of the car without taking the transmitter key out of one's bag.

• Automotive Switches / Controllers

AEC supplies multi-function control units that integrate control of diverse automobile body features, including switches to automatically open and close power windows, lock and unlock doors, and turn on and off windshield wipers, using multiple communication technologies.


Power Window Switches

• Electric Power Steering Controllers

Electric power steering controllers are equipped with high-output and high-precision sensing functions to enable smooth steering. These devices help achieve energy savings and better mileage.


Electric Power Steering Controllers

Segment Information ▸ P.54

• Train Station Solutions

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


Automated Ticket Gates


Ticket Vending Machines

• Social Sensing

Sensors located in public settings gather data on the movement and conditions of people, automobiles, and other objects and provide optimal information to people and control equipment.


Smile Scan Tablets

• Road Traffic Solutions

In addition to control systems for traffic volumes and traffic conditions, SSB is developing next-generation traffic safety systems designed to prevent accidents by transmitting data on pedestrians, bicycles, and other objects collected by sensors to nearby vehicles.


Traffic Control Systems

Segment Information ▸ P.56

• Healthcare and Medical Devices for Home Use

HCB supports the health of individuals by connecting daily personal health management at home and disease management at medical institutions.


Sleep Sensors


Blood Pressure Monitors


Body Composition Monitors


Body Glucose Meters


Thermometers


Activity Monitors

• Medical Devices for Professional Use

By supplying medical institutions with highly safe technologies, we are reducing the risks associated with healthcare. At the same time, we are helping develop a society in which the elderly live healthily.


Spot Check Monitors


Non-Invasive Vascular Screening Devices

Segment Information ▸ P.58

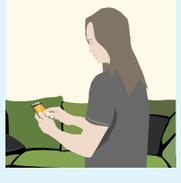
• PV Inverters for Solar Power Generation Systems

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


PV Inverters for Indoor Solar Systems

• LCD Backlights

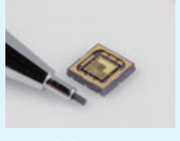
Microlens array technology with several million micron-sized micro lenses to maximize light utilization efficiency contributes to brighter and slimmer mobile phones with lower power consumption.




LCD Backlights

• Micro Devices

Omron provides new applications centering on micro electrical mechanical systems (MEMS).


MEMS Absolute Pressure Sensors

• Electronic Systems and Equipment

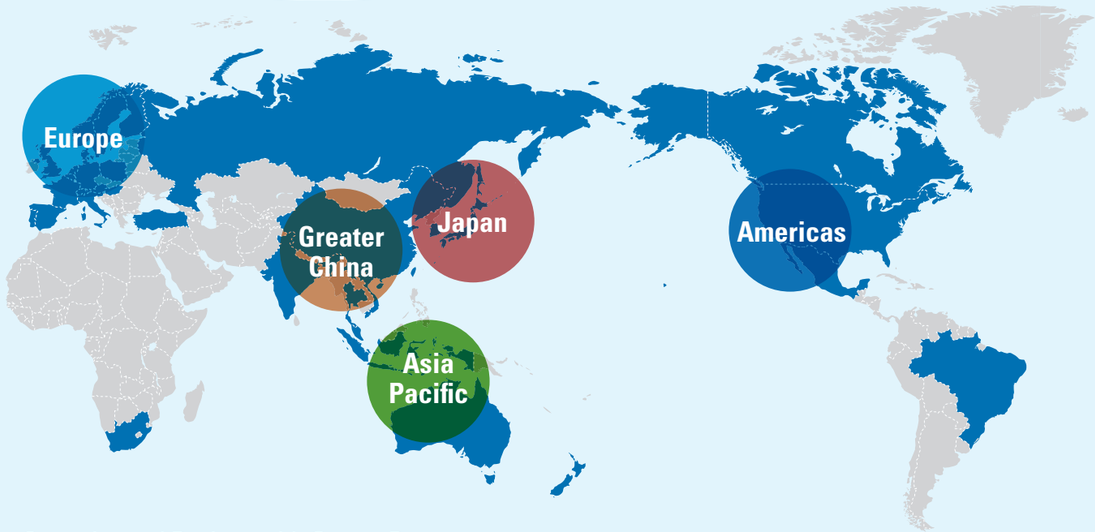
Business activities related to computers, devices, uninterruptible power supply units, and other electronic systems and equipment.


BY-S Series, Uninterruptible Power Supply Units

Segment Information ▸ P.60

Omron's Global Network

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



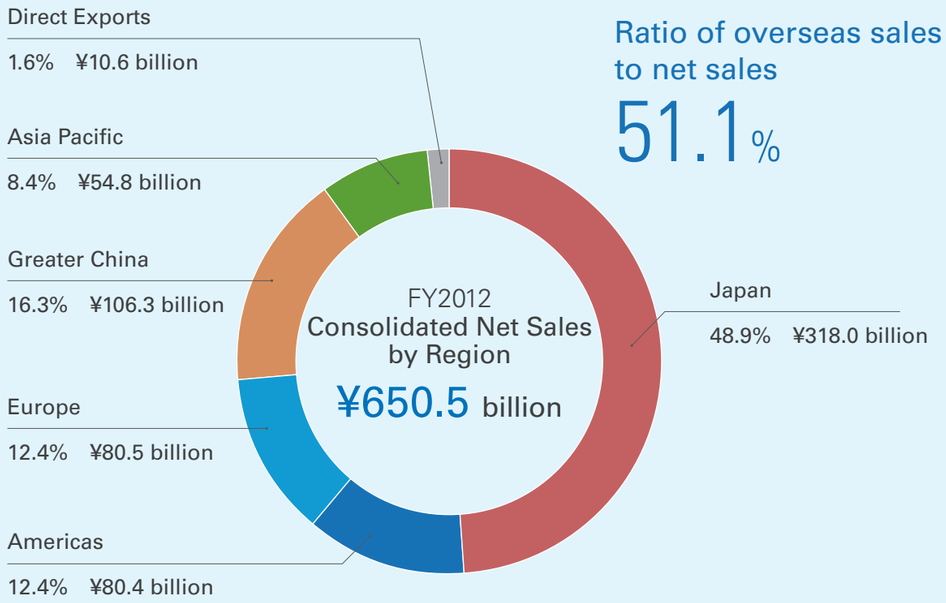
Countries and Regions with Omron Bases

Americas
- Brazil
- Canada
- Mexico
- The United States

Europe (Including Europe, Russia, Africa, and the Middle East)
- Austria
- Belgium
- The Czech Republic
- Denmark
- Finland
- France
- Germany
- Hungary
- Italy
- The Netherlands
- Norway
- Poland
- Portugal
- Russia
- South Africa
- Spain
- Sweden
- Switzerland
- Turkey
- The United Kingdom

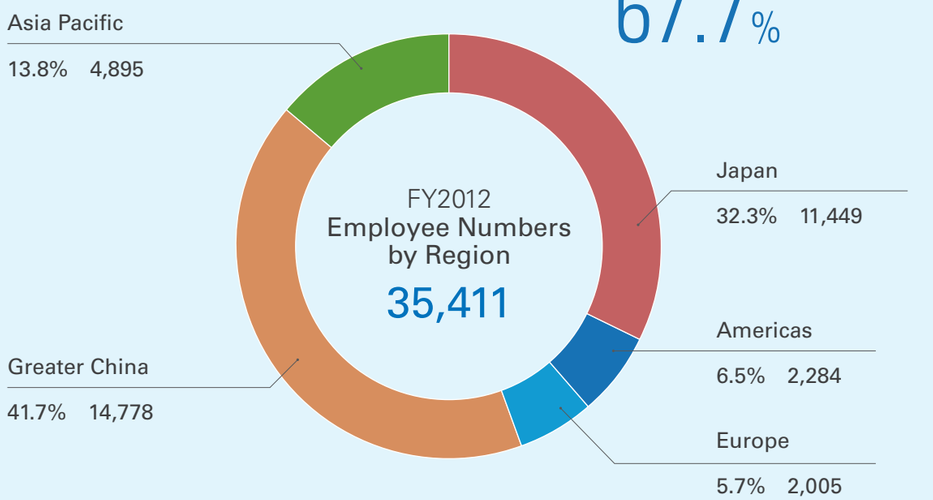
Greater China
- China
- Hong Kong
- Taiwan

Asia Pacific
- Australia
- India
- Indonesia
- Malaysia
- New Zealand
- Singapore
- South Korea
- Thailand
- Vietnam



Ratio of overseas sales to net sales

51.1%



Ratio of overseas employees to total employees

67.7%

As of March 31, 2013

Omron through the Year

Q1

(YoY change)

Consolidated net sales	¥149.9 billion	–1.0%
Consolidated operating income	¥8.2 billion	–32.7%

Q2

(YoY change)

Consolidated net sales	¥154.3 billion	+1.7%
Consolidated operating income	¥9.8 billion	–7.1%

Q3

(YoY change)

Consolidated net sales	¥159.5 billion	+6.6%
Consolidated operating income	¥9.9 billion	+32.7%

Q4

(YoY change)

Consolidated net sales	¥186.8 billion	+12.1%
Consolidated operating income	¥17.5 billion	+75.0%

2012 April | May | June | July | August | September | October | November | December | 2013 January | February | March

M Management | 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 Topics

Apr. 9 (Press Release) Donation of ¥18,723,000 from sales proceeds of KM Series of electricity monitors to assist post-Great East Japan Earthquake reconstruction

June 1 Commencement of joint venture between Omron (China) Co., Ltd., and Hangzhou Tongling Automation Co., Ltd., a system integrator and sales agent

June 12 (Press Release) Establishment of regional head office in Brazil strengthens operations in this country's market, an emerging market prioritized after India

July 2 Joint establishment of docomo Healthcare, Inc., a company that plans, develops, and provides healthcare services, by NTT Docomo, Inc., and HCB

July 6 Opening ceremony held at new factory of AEC in Rojana Industrial Park, Ayutthaya, Thailand

Aug. 24 OMRON TAIYO Co., Ltd., celebrates 40th anniversary and holds ceremony commemorating opening of new building

Sept. 3 Agreement reached between Sobal Corporation and Omron to collaborate in development of embedded software

Oct. 1 Conversion of SK Solution Co., Ltd., a dealer of control equipment, into subsidiary

Nov. 7 (Press Release) Donation of US$20,000 for relief of hurricane victims in eastern United States

Nov. 8 (Press Release) Receipt of IR Grand Prix Award from Japan Investor Relations Association

Jan. 30 Announcement of joint project to utilize big data at production sites by Microsoft Japan and Omron; collaboration between two companies leads to development of system for tracking production activities

Mar. 7 Opening ceremony held at new factory of Shanghai OMRON CONTROL COMPONENTS Co., Ltd., designed to be the No.1 automated EMC factory in China

Product-Related Topics

April 13
Receipt of Award for Excellence in Japan Electrical Manufacturers' Association 2012 (61st) Electrical Industrial Technology Achievement Awards for development of fiber laser marker capable of fine marking on highly reflective materials and low-absorbance materials

May 10
Launch of MedicalLink blood pressure management service for medical institutions employing information technology

Simultaneous launch of HEM-7251G blood pressure monitor that automatically transmits measurement data over 3G networks

May 28 (Press release)
Development of hand gesture recognition technology that makes trigger motion unnecessary when combined with face-sensing technologies

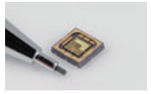
June 1
Launch of Demand Light Service, a new application service provider (ASP) demand monitoring service capable of monitoring electricity demand through remote monitoring systems, realizing lowest market price

June 20
Launch of HBF-215F Karada Scan body composition monitors, which feature compact, thin designs with easy-to-view displays and communications functions

June 30
Launch of non-contact MEMS using infrared thermal sensor that is smaller and more sensitive and contributes to energy-saving home electronics

July 2
Release of industry's first clamp electricity data logger that accelerates energy-saving efforts at manufacturing sites

July 5 (Press release)
Development of MEMS absolute pressure sensor with world-class sensitivity and power efficiency



August 1
Release of Smart Camera FQ2 featuring multi-function image sensors that enable inspection and positioning to be decided using the camera alone

August 23
Launch of HEM-6310F, world's thinnest, lightest, and quietest wrist-type blood pressure monitor that enables measurement data to be easily transmitted to PCs for management

September 3
Launch of HBF-252F Karada Scan, a body composition monitor equipped with instantaneous automatic recognition function for measurement in approximately four seconds and communication function for easy management of data on Android™ smartphones or PCs

October 1
Launch of world's smallest and lightest DC power relay for eco-friendly vehicles and condensers

October 15
Commencement of sales of uninterruptible power supply units in China

November
Launch of KP55M Series of outdoor single phase PV inverters compatible with feed-in tariff scheme for renewable energy (KP44M Series launched in December)

December
Launch of ultra-compact CMOS laser sensor E3NC-S series capable of being installed in narrow spaces

December
Launch of backflow preventing relay MM1X-PV, which contributes to maximized energy conversion efficiency at megasolar facilities

December 3
Launch of NB series of programmable terminals that provide undisputed levels of cost performance

Addition of CP1E to lineup of programmable controllers

December 18
Launch of English and Chinese versions of TranScope real-time translation application, which provides instant translations by reading text through iPhone or Android™ smartphone cameras

January 25
Receipt of METI Minister's Prize in Energy Conservation Grand Prix Program for promoting an eco-conscious initiative for plant diagnostics and optimization through Andon environmental information system

January 25
Receipt of METI Minister's Prize in New Energy Grand Prix Program in recognition of KP-K series of PV inverters for solar power generation systems

February 20
Launch of HR-500U, which can be strapped to one's wrist to measure pulse while walking or jogging

March 1
Launch of Mediclean HT-B601 ultrasonic electric toothbrush, which comes with handy mobile case equipped with charger that is ideal for vacations or business trips

March 21
Launch of thermal flow-type MEMS differential pressure sensor aimed at maximizing air-conditioning efficiency

March 28
Provision of Solamoni3G, a solar power generation system support service that helps guarantee generation efficiency and quality of medium-scale systems

11-Year Financial Highlights

Omron Corporation and Subsidiaries

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	Millions of yen FY2012	Thousands of U.S. dollars (Note 1) FY2012
Operating Results (for the year):												
Net sales	¥522,535	¥575,157	¥598,727	¥616,002	¥723,866	¥762,985	¥627,190	¥524,694	¥617,825	¥619,461	**¥650,461**	**$6,919,798**
Gross profit	201,816	235,460	245,298	232,667	278,241	293,342	218,522	184,342	231,702	227,887	**241,507**	**2,569,223**
Selling, general and administrative expenses (excluding research and development expenses)	133,406	139,569	141,185	157,909	164,167	176,569	164,284	133,426	142,365	145,662	**152,676**	**1,624,213**
Research and development expenses	40,235	46,494	49,441	55,315	52,028	51,520	48,899	37,842	41,300	42,089	**43,488**	**462,638**
Operating income	28,175	49,397	54,672	60,782	62,046	65,253	5,339	13,074	48,037	40,136	**45,343**	**482,372**
EBITDA (Note 2)	57,851	77,059	83,314	91,607	95,968	101,596	38,835	40,088	71,021	62,753	**67,795**	**721,223**
Net income (loss) attributable to shareholders	511	26,811	30,176	35,763	38,280	42,383	(29,172)	3,518	26,782	16,389	**30,203**	**321,309**
Cash Flows (for the year):												
Net cash provided by operating activities	41,854	80,687	61,076	51,699	40,539	68,996	31,408	42,759	41,956	31,946	**53,058**	**564,447**
Net cash used in investing activities	(30,633)	(34,484)	(36,050)	(43,020)	(47,075)	(36,681)	(40,628)	(18,584)	(20,210)	(26,486)	**(28,471)**	**(302,883)**
Free cash flow (Note 3)	11,221	46,203	25,026	8,679	(6,536)	32,315	(9,220)	24,175	21,746	5,460	**24,587**	**261,564**
Net cash provided by (used in) financing activities	(1,996)	(28,119)	(40,684)	(38,320)	(4,697)	(34,481)	21,867	(20,358)	3,333	(33,492)	**(18,550)**	**(197,339)**
Financial Position (at year-end):												
Total assets	567,399	592,273	585,429	589,061	630,337	617,367	538,280	532,254	562,790	537,323	**573,637**	**6,102,521**
Total interest-bearing liabilities	71,260	56,687	24,759	3,813	21,813	19,809	54,859	38,217	46,599	18,774	**5,570**	**59,255**
Total shareholders' equity	251,610	274,710	305,810	362,937	382,822	368,502	298,411	306,327	312,753	320,840	**366,962**	**3,903,851**
											Yen	U.S. dollars (Note 1)
Per Share Data:												
Net income (loss) attributable to shareholders (basic)	2.1	110.7	126.5	151.1	165.0	185.9	(132.2)	16.0	121.7	74.5	**137.2**	**1.46**
Shareholders' equity	1,036.0	1,148.3	1,284.8	1,548.1	1,660.7	1,662.3	1,355.4	1,391.4	1,421.0	1,457.5	**1,667.0**	**17.73**
Cash dividends (Note 4)	10.0	20.0	24.0	30.0	34.0	42.0	25.0	17.0	30.0	28.0	**37.0**	**0.39**
Ratios:												
Gross profit margin	38.6%	40.9%	41.0%	37.8%	38.4%	38.4%	34.8%	35.1%	37.5%	36.8%	**37.1%**	
Operating income margin	5.4%	8.6%	9.1%	9.9%	8.6%	8.6%	0.9%	2.5%	7.8%	6.5%	**7.0%**	
EBITDA margin	11.1%	13.4%	13.9%	14.9%	13.3%	13.3%	6.2%	7.6%	11.5%	10.1%	**10.4%**	
Return on shareholders' equity (ROE)	0.2%	10.2%	10.4%	10.7%	10.3%	11.3%	(8.7%)	1.2%	8.7%	5.2%	**8.8%**	
Ratio of shareholders' equity to total assets	44.3%	46.4%	52.2%	61.6%	60.7%	59.7%	55.4%	57.5%	55.6%	59.7%	**64.0%**	
Total return ratio (Note 5)	2475.3%	49.2%	29.1%	47.8%	49.7%	74.7%	(29.1%)	106.7%	25.2%	37.7%	**27.0%**	

Notes: 1. U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate on March 31, 2013, of ¥94 = $1.
2. EBITDA = Operating income + Depreciation and amortization
3. Free cash flow = Net cash provided by operating activities + Net cash used in investing activities
4. Cash dividends per share represent the amounts applicable to the respective year, including dividends to be paid after the end of the year.
5. Total return ratio = (Total dividends paid + Amount of Company's own shares repurchased) / Net income (loss) attributable to shareholders

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

Discontinued Operations
Figures for FY2006 and prior years have been restated to account for businesses discontinued in FY2007.

Long-term corporate vision

Grand Design 2010 (GD2010)

FY2001 – FY2003

1st Stage Establishing a Profit Structure

Concentrating on cost structure reform and restructuring the Company as a profit-generating business

Achievements

- ROE of 10%
- Withdrew from unprofitable business, spun off of the Healthcare Business
- Raised the level of corporate governance to the global standard

FY2004 – FY2007

2nd Stage Balancing Growth and Earnings

Reinforcing business foundations through aggressive investment in growth areas, such as M&A, and cost cutting

Achievement

- Increased EPS (Earnings per Share) from ¥110.7 (FY2003) to ¥185.9 (FY2007)

FY2008 – FY2010

3rd Stage Achieving a Growth Structure

Fortification of growth business (high profitability)

Revision of 3rd stage due to an abrupt change in the business environment

Revival Stage
(February 2009 to March 2011)
- Emergency Measures
  (Cost reduction target of approx. ¥63.0 billion achieved in fiscal 2009)
  14 months (February 2009 – March 2010)
- Structural Reform (Strengthening of profit base over the medium term) 26 months
- May 2010: Spun off the Automotive Electronic Components Business
- April 2011: Spun off the Social Systems, Solutions and Service Business

Value Generation 2020 (VG2020)

FY2011 – FY2020

GLOBE STAGE
(FY2011 – FY2013)

Establishment of profit and growth structures on a global basis

GOALS
- Sales: ¥710 billion
- Operating income: ¥58 billion
- Gross profit margin: 39%
- Operating income margin: 8.2%

EARTH STAGE
(FY2014 – FY2020)

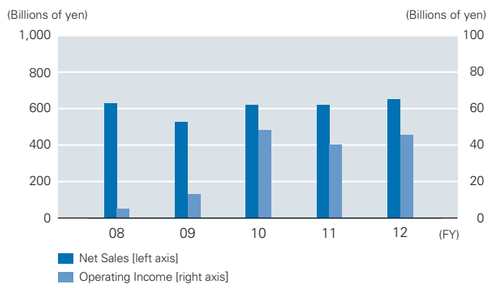
New value generation for growth

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

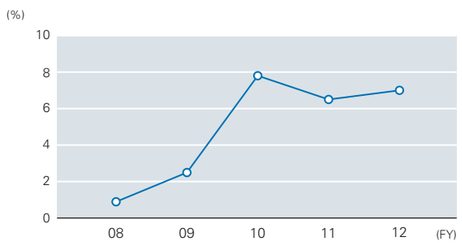
Note: Target figures were revised in April 2013.

Financial and Non-Financial Highlights

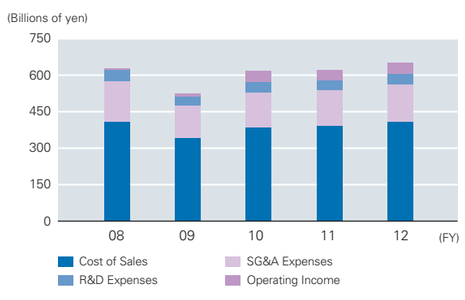
Net Sales and Operating Income



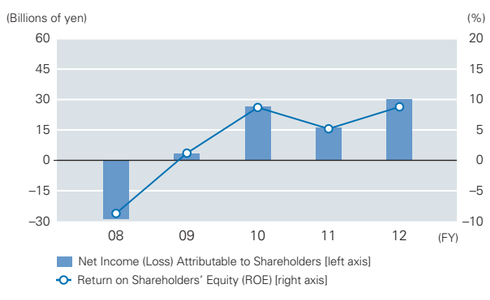
Operating Income Margin



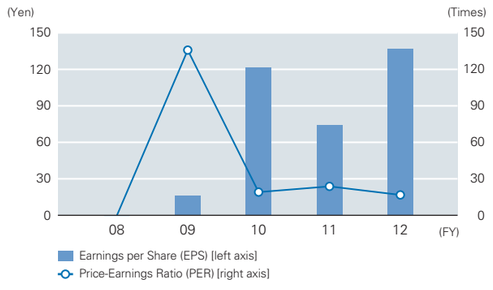
Cost Composition



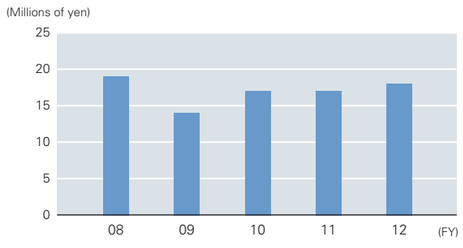
Net Income (Loss) Attributable to Shareholders and Return on Shareholders' Equity (ROE)



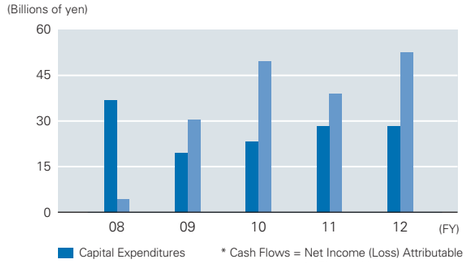
Earnings per Share (EPS) and Price-Earnings Ratio (PER)



Net Sales per Employee

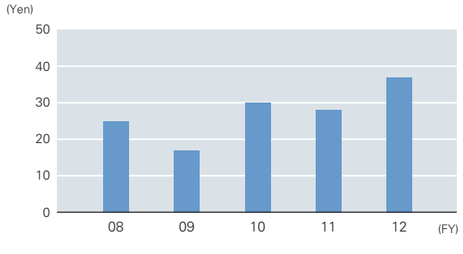


Capital Expenditures and Cash Flows

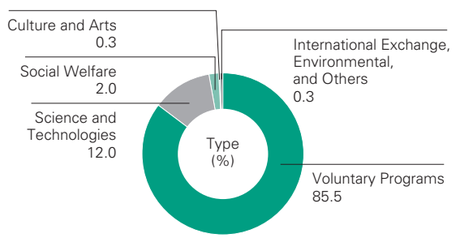


* Cash Flows = Net Income (Loss) Attributable to Shareholders + Depreciation & Amortization

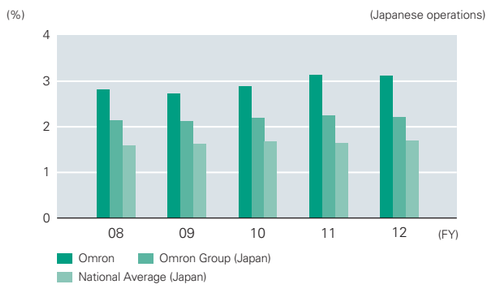
Cash Dividends per Share



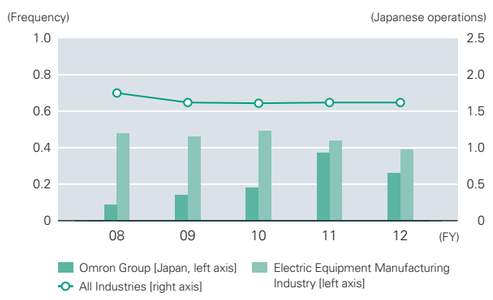
Ratio of Social Contribution Activity Expenditures by Type (Fiscal 2012)



Ratio of Employees with Disabilities to Total Employees

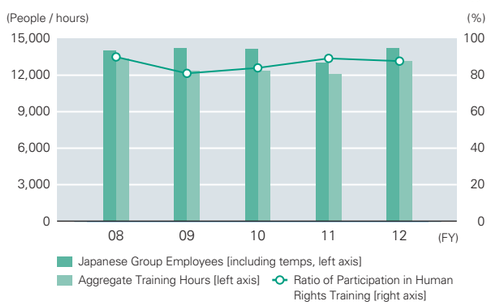


Occupational Accident Frequency

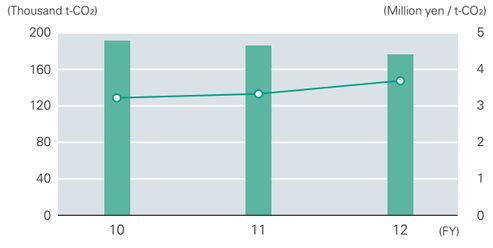


$$\text{Frequency} = \frac{\text{Deaths Due to Accidents}}{\text{Aggregate Work Hours}} \times 1 \text{ Million Hours}$$

Ratio of Participation in Human Rights Training

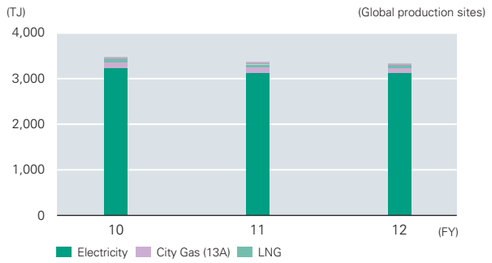


CO_2 Emissions Volumes

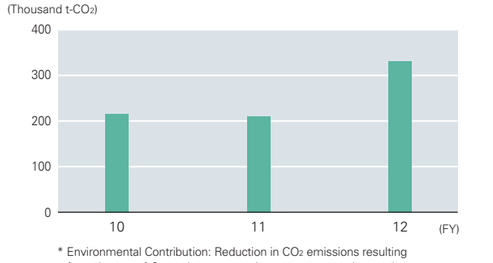


* Net Sales to CO_2 Emissions: Net Sales per Ton of CO_2 emitted

Energy Usage

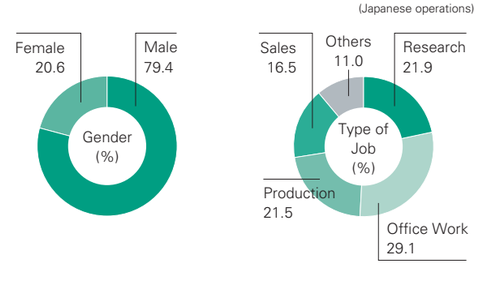


Environmental Contribution of Products and Services



* Environmental Contribution: Reduction in CO_2 emissions resulting from the use of Omron's energy-saving or energy-creating products

Employee Ratios (As of April 20, 2013)



Yoshihito Yamada
President and CEO

Q1 How are the strategies of the “GLOBE STAGE” progressing, and what initiatives are being implemented in preparation for the following “EARTH STAGE”?

First of all, I have to tell you that we made a downward revision to the performance targets for the “GLOBE STAGE.” Originally, we targeted net sales of ¥750.0 billion, operating income of ¥100.0 billion, and a gross profit margin of 42%, but we revised these targets to net sales of ¥710.0 billion, operating income of ¥58.0 billion, and a gross profit margin of 39%. It was a hard decision, but one that was fully considered. One reason for the revision was out-of-control external factors, including unfavorable foreign exchange rates, natural disasters, and global economic recession. However, we admit that there were also internal issues, such as our vulnerability to foreign exchange. We have already taken steps to address this issue. Also, performance in the Industrial Automation (IA) Business, which is sensitive to capital investment trends, was lower than expected.

Looking on the brighter side, we’ve been on the right course in that the GLOBE STAGE is a period for the establishment of profit and growth structures on a global basis. We conducted necessary investments, centered on the core IA Business (IAB & EMC), regardless of the harsh operating environment. These investments were geared toward developing competitive products and expanding sales networks in emerging countries. We intend to turn these investments into success. While up until just recently a headwind has been blowing in the external operating environment, it is possible that this may change to a tailwind. Should this occur, the investments and preparations we have advanced until now will generate substantial returns, particularly in the factory automation

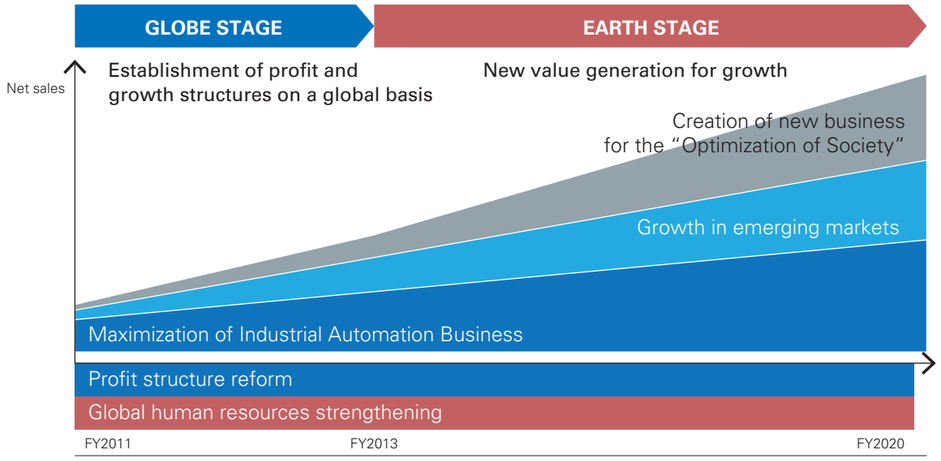
We conducted necessary investments, centered on the core IA Business, regardless of the harsh operating environment.

(FA) markets of emerging countries, where demand will be supported by economic growth, higher personnel expenses, and rising quality consciousness. While the IA Business may face ups and downs in its growth pace, it is sure to realize growth over the long term.

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

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

VG2020 Scenario



Policy for Fiscal 2013

Complete the GLOBE STAGE!

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

TASKS

Continue and complete the tasks defined for the GLOBE STAGE

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

Q2

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

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

In the environmental solutions business, we are working to resolve social issues in the clean energy field through the sale of PV inverters for solar power generation systems and DC power relays for electric vehicles.

In particular, installations of PV inverters doubled in fiscal 2012 due to the benefits of the feed-in tariff scheme for renewable energy that was launched in Japan during July 2012. We expect the market will expand in light of concerns for the depletion of fossil fuel reserves and environmental pollution, such as that from CO_2 emissions.

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

Q3

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

Put simply, it's the ability to transform risks and changes into opportunities, and when I say changes I am referring to both positive and negative changes.

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

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

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

Q4

How are you pursuing increased shareholder value in management?

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

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

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

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

The post of CFO has been filled by Yoshinori Suzuki, who was previously responsible for management of AEC. Mr. Suzuki has accumulated a wealth of financial knowledge throughout his career. He also has a strong reputation in the Company for his ability to reconstruct AEC as its company president during a time when the business was performing quite poorly. Moreover, Mr. Suzuki has been responsible for Companywide management in the past, when he was placed in charge of formulating management strategies. For these reasons, we have very high expectations for him. With the new inclusion of the CFO in the management team, we will conduct even more effective management with our emphasis on improving corporate value.

Q5

Is there anything else you view as important in enhancing corporate value?

Developing human resources and cultivating the corporate culture are both crucial tasks as these elements underpin corporate activities. As the Company will continue to expand its business on the global stage and seek to transform into a stronger company, the development of human resources around the world is crucial. Currently, we have defined 170 "core positions", and we are actively working to discover and promote human resources to fill these positions. In particular, we are working to fill overseas management positions locally. Elsewise, we are still faced with diversity issues, such as the promotion of women. However, we are taking steps to address these issues by establishing specialized teams.

In regard to corporate culture, in fiscal 2012 we inaugurated The OMRON Global Awards (TOGA). This award program was designed to reward employees for acting on the spirit we have held since our founding and embarking on bold undertakings to meet ambitious goals they themselves have declared. The program was also designed to cultivate a corporate culture that encourages employees to take on new challenges without fear of failure. In this competition, more than 20,000 entries, representing over half of our staff worldwide, formed teams that stepped across national and organizational boundaries. Then, on "Founder's Day" in May 2013, awards were presented to the top 13 teams. We intend to continue this initiative into the future. What matters most is to proactively take on difficult tasks. For this reason, I hope to cultivate a superior corporate culture that will inspire employees to unite as a strong team that communicates openly and continues to endeavor to do great things, whether or not we hold such events.

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

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

Omron Handball Team wins Japan women's league for the 16th time and for the 2nd consecutive year (March 14, 2013)

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

Production site in China

Sales base in Singapore

Research and production base in the United States

History of Automation and Asian Market of Today

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

Evolution of Automation at Production Sites

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

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

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

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

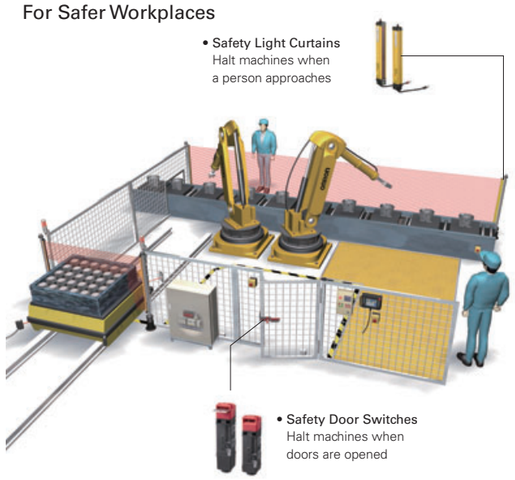
In 1972, Omron successfully developed its Sysmac programmable controller and continued to lead the advance of automation by proposing new value using its revolutionary technologies, such as its ultra-high-speed fuzzy logic controller and visual sensors that can play the part of human eyes, both world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

Development of Safer Workplaces

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

Omron identified that guaranteeing the safety of machines toward humans is an important theme and developed safety sensors, which automatically halt dangerous machines should a worker approach them, and safety door switches that prevent workers from approaching dangerous machines in the first place. At the same time, Omron actively promoted the standardization of automation safety regulations and transmitted information to educate the market with regard to safety, working to create safer production sites around the world.

For Safer Workplaces



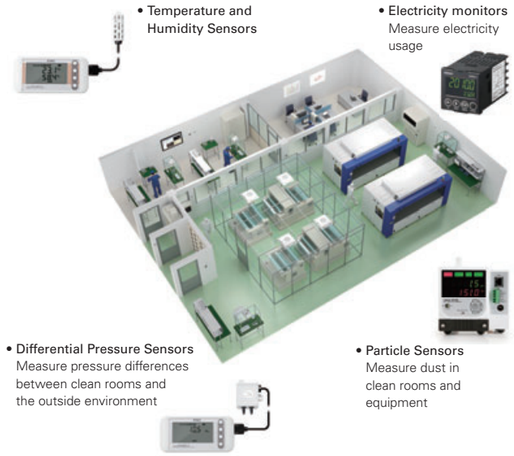
Preservation of Natural Resources

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

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

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

For Environmental Preservation



Future Potential of Automation

FA around the World

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

Operations Well Established in Each Country

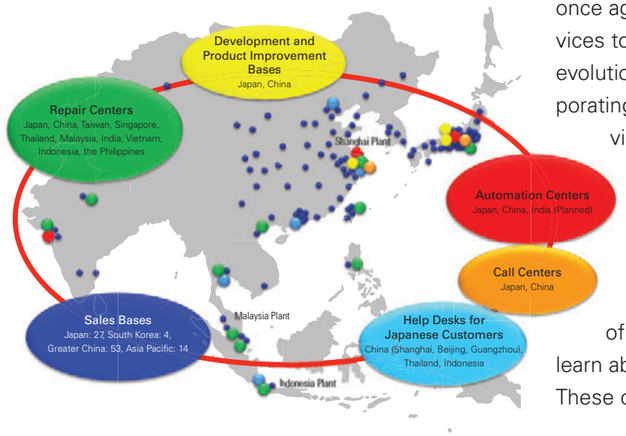
Industrial Automation Business (IAB) currently operates out of more than 160 bases in more than 40 countries.

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

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

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

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



Connection of Customer Feedback to All Areas of Operation

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

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

e-Learning Programs—Virtual FA Tours

Vietnamese

Thai

Indonesian

Repair center in Thailand

Evolution of Automation

In Asian countries, global issues must be addressed in conjunction with region-specific issues.

1. Automation Examples (India) Food Packaging Equipment

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

Food Product Inspection Equipment

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

Metal Processing Equipment

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

2. Automation Example (Indonesia) Food Production Equipment

Company D is a sugar manufacturer. At the company, employees previously had to directly confirm temperature, humidity, and other variables related to the sugar refining processes and then record this information in production logs by hand. For this reason, employees were unable to leave refining equipment unattended, and they often spent eight

hours a day doing nothing but confirming variables. By introducing computers equipped with data logging software along with controllers, IAB helped create a system in which all this numeric data is recorded automatically by computers. This system successfully reduced the amount of time employees devoted to these monitoring tasks to one hour a day. Workers were thus freed from the task of confirming variables all day long, which in turn allowed them to use this time to revise production processes and implement other improvement activities.

3. Automation Example (Thailand) Electricity-Saving Initiatives

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

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

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

Evolution Driven by Customer Needs

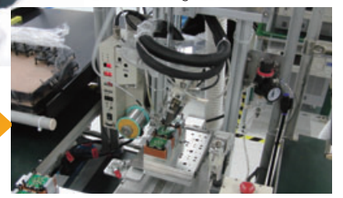
We work to address the various issues faced by specific regions by developing solutions from the perspective of local customers in these regions.

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

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

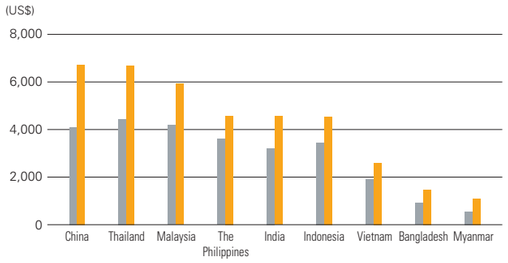
Soldering by hand

LCIA soldering robots



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

Yearly Personnel Expenses in Asia's Manufacturing Sector



Source: Japan External Trade Organization (JETRO)
Note: Personnel expenses include basic salary, allowances, social security, overtime payments, and bonuses.

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

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

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

* Equivalent to technical colleges in Japan

Optimal Relationship between People and Machines

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

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

Pursuit of Further Evolution

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

As automation spreads, people's lives become more fulfilling, which in turn enables them to be more creative at work, leading to the further evolution of automation. Looking back at the history of automation, it is clear that demand for automation will continue growing into the future, as will its potential.

IAB will create cycles in which changes in society's needs and technical innovation give birth to one another. And these cycles will be created around the world. IAB will also work to grow as the provider that is "No. 1 in control," "No. 1 in product lineup," and "No. 1 in the future" so that it can make greater contributions to the ever changing Asian market.

We automate!

Helping Improve the Health of People in Emerging Countries

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

Toru Ozeki
Executive Officer
and Senior General Manager
in charge of the Sales and
Marketing HQ–Asia
OMRON HEALTHCARE Co., Ltd.

Masahiro Umeda
Manager,
Group Leader,
Product Planning Strategy HQ
OMRON HEALTHCARE Co., Ltd.

Rapid Rise in Asthma and COPD Sufferers in Emerging Countries

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

Ozeki: Yes. The air pollution issues in emerging countries are serious, and not only limited to China. In conjunction with development, chronic malady is starting to replace infectious disease as the most common ailment faced by the populous. In China, this situation is being compounded by a rise in smoking[*1], and we are noticing a rapid increase in the number of people with chronic obstructive pulmonary disease (COPD)[*2] as a result. In this manner, environmental pollution and the trend regarding respiratory diseases are driving a substantial increase in the number of people suffering from asthma and COPD.

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

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

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

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

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

*1 Rise in smoking in China: According to a survey conducted in 2012, the smoking population in China represents one-third of the total global smoking population. Moreover, in terms of the percentage of smokers, China is No. 2 in Asia after Indonesia.
*2 COPD: This term refers to chronic bronchitis or emphysema, which is the No. 4 leading cause of death worldwide. The main cause is smoking, with more than 90% of sufferers also being smokers.


Compressor nebulizer


Mesh nebulizer

Importance of Imagining Usage Situations

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

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

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

Ozeki: Usage circumstances are an important point of focus even with regard to sales.

In other words, simply introducing products that we developed for Japan, Europe, or the United States into the markets of emerging countries does not always work. In developed countries, users tend to prefer products that are smaller, lighter, and more comfortable to use, even if they might be more expensive. However, in emerging countries, the primary concern is price, with the second concern being ease of use. Talking to customers in Asia, we were surprised to hear how their opinions with regard to the weight and noisiness of products differed from that of customers in Japan. In some Asian countries, a heavy product is seen as sturdy and therefore reliable, and a loud product is perceived as more effective.

— Are there any other examples of differences between developed and emerging countries?

Umeda: In Japan, a user would generally place their nebulizer on a table and use it while sitting in a chair. However, our investigations in Brazil and India show that it is common to use nebulizers in bed or on couches. Also, nebulizers are used to treat colds or nasal inflammation in addition to asthma.

In this way, the usage environments for our products differ from country to country.

Importance of Downstream Management

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


Oxygen generators for Chinese market

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

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

Ozeki: In regard to sales strategies, the method of supplying products to local sales agents and then leaving the act of selling up to them is an obsolete way of developing overseas operations.

By leveraging the blood pressure monitors for which Omron holds the top share in the global market, we have established a sales network consisting of approximately 110,000 stores throughout Asia. The way in which our products are being sold and bought mainly in drug stores, the downstream end of the distribution chain, is of utmost importance.

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

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

Storefront in India

Educational forum for distributor in India

— How high is Omron's brand recognition in emerging countries? Also, what competition does Omron face?

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

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

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

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

Our ability to promote the Omron brand as a brand for medical professionals—equating Omron's blood pressure monitors with cardiovascular diseases, nebulizers with respiratory illnesses, and blood glucose monitors with endocrine system diseases—is a powerful tool for differentiating HCB. For example, in China, we worked on guidelines for hypertension in cooperation with the Chinese Society of Hypertension.

I believe that strengthening our relationship with local academic circles pertaining to medical institutions and medical practitioners is an important point to consider when advancing into the markets of emerging countries.

I also must say that I am always surprised at how many government or academic leaders create opportunities to meet with us whenever we visit Asian countries.

— What factors do you think have contributed to this warm reception?

Ozeki: It is most likely a result of the reputation that accompanies our leading share in the global market for blood pressure monitors. In addition, the factory automation technologies of Industrial Automation Business (IAB) are garnering a great deal of attention in government sectors. In this manner, both IAB and HCB have established strong reputations in society.

Economic Value Creates Social Value

— What is the situation regarding environmental issues in emerging countries?

Ozeki: As one initiative of China's Twelfth Five-Year Guideline (2011–2015), mercury was banned for use in industrial applications, and it is expected that the Thirteenth Five-Year Guideline will forbid the use of mercury for medical applications. A similar guideline was established in India just recently. For this reason, I feel that offering clinical-minded support to these countries in making the switch from the mercury-based blood pressure monitors to electronic monitors will create economic value and social value.

— How is economic support for healthcare in emerging countries?

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

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

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

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

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

Our mission is to help treat people with respiratory illnesses in Asia and around the world.

Toru Ozeki

It is not enough to just provide equipment; I want to provide proper treatment environments as well.

Masahiro Umeda

Contributing to the Spread of Renewable Energy Systems

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

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

Market Environment and Business Overview

— Please explain your business?

Yukumoto: Trends related to energy usage are undergoing drastic changes in light of progressive global warming and natural energy resource depletion.

It will grow ever more important for companies to contribute to the development of a low-carbon society. Amid such changes in the surrounding social context, the Environmental Solutions Business HQ was established in March 2009. I assumed my position as senior general manager of this division in April 2012.

Not only does the Environmental Solutions Business HQ develop its own business, it also works in cooperation with other business divisions, such as IAB and SSB, to advance business operations in the fields of energy saving and energy creation.

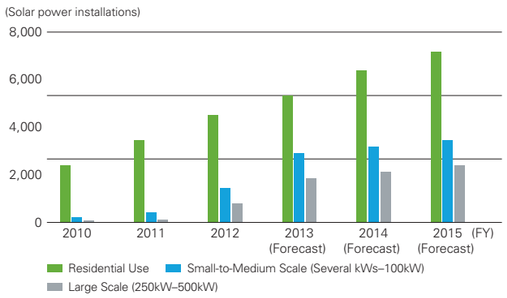
In the energy-saving field, one example of our activities would be the eco-conscious optimization initiatives conducted at the Ayabe Plant in Kyoto. In October 2010, the Ayabe Plant launched an initiative to halve its energy usage by March 31, 2014. The unique environmental information monitoring system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

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

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

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

Japanese Market Forecasts



Source: Fuji-Keizai Group, 2012 market forecasts

When the Environmental Solutions Business HQ was formed, it was assumed that the division would see support demand over the next 10 to 20 years and that OFE would have a role to fulfill in capturing this demand, which led to our cooperating in this venture.

Many of our engineers hold qualifications for electrical installation and construction management, and we are seeing a rise in the number of employees that are motivated to take on duties in new fields by taking advantage of these basic skills.

— How is the market for the PV inverter business, which is central to this cooperative venture?

Yukumoto: In the energy-creation business, we are experiencing significant increases in installations of PV inverters, and, in fiscal 2012, the capacity of the inverters we installed greatly exceeded 650MW. This brought the cumulative capacity of supplied PV inverters to approximately 2GW, which is roughly equivalent to the generation capacity of two power plants. On a cumulative basis, our share of the market for residential-use systems is approximately 30%.

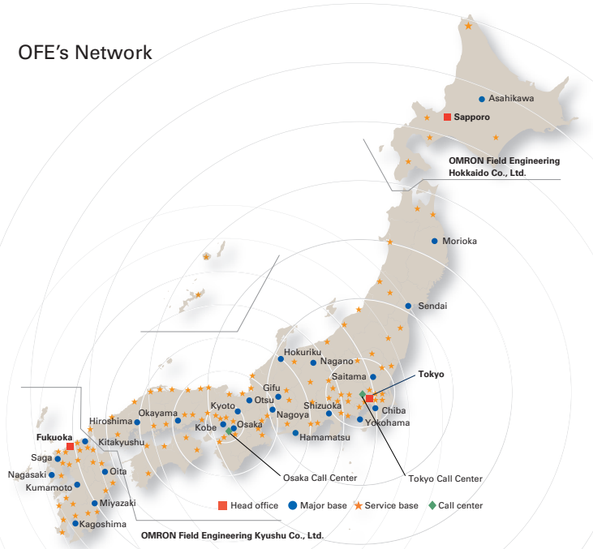
In addition, the 2012 launch of the feed-in tariff scheme for renewable energy has driven strong growth in the electricity sales market.

PV inverter

In particular, the market for inverter sales to industrial users (over 10kW) has significantly benefited from the introduction of this system.

Presently, the electricity sales market is not only limited to energy-related companies, but we are seeing newcomers from different industries, and it is therefore entirely possible that this market will grow to a massive scale. While displaying enormous potential for the future, these businesses must address the task of stabilizing the operation of solar power generation systems, as these

OFE's Network



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

Shizuto Yukumoto

systems often suffer from malfunctions and other troubles, presenting a serious problem.

Echizen: Based on the terms of the feed-in tariff system, customers' profits go down unless their solar power generation systems function stably for a period of 10 to 20 years. At the same time, malfunctions are often discovered late because of the dependence on sunlight for output. This has created a need for monitoring systems, but at present a number of PV inverter installations are still only using cloud-based monitoring systems. Should a portion of solar panels experience a decline in generation efficiency, these cloud-based systems are not prepared to investigate and rectify the causes of the decline. Conversely, OFE is able to provide analyses of malfunction causes. We can send engineers to inspect or repair systems directly and provide these services 24 hours a day, 365 days a year due to OFE's approximately 1,200 engineers positioned in about 140 bases throughout Japan.

To bolster the quality of these services, OMRON Aso Co., Ltd., in Kyushu, has been holding training sessions at its PV Training Center since summer 2012 to develop the skills of more than 100 construction engineers.

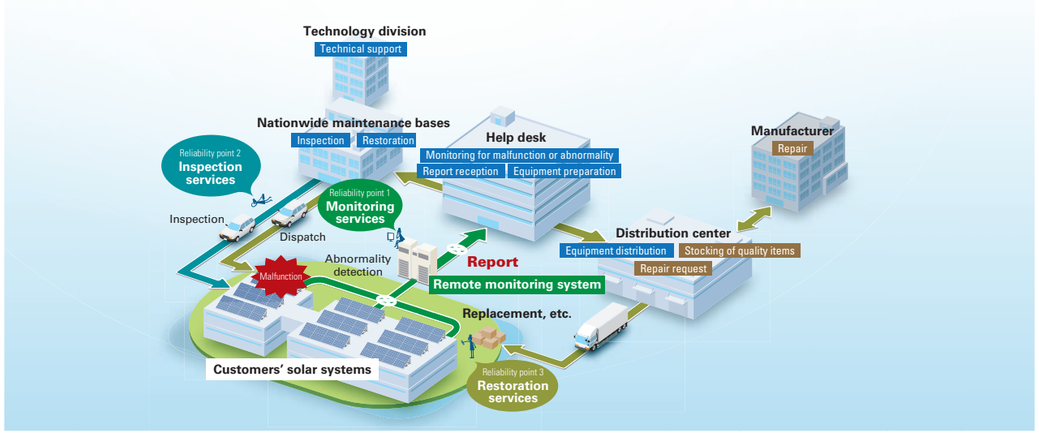
Solamoni Service

— Please tell us about Solamoni.

Echizen: Solamoni is a solar power generation system monitoring service. More specifically, it provides remote monitoring combined with the dispatch of engineers.

Yukumoto: The PV inverter business is built upon Omron's core "Sensing and Control" technologies—a prime example of which is AICOT®*—and the unique energy conversion technologies that have been developed based on those technologies. This business is also responsive to the needs of all areas of the solar power generation system value chain. There are not many companies in this field with operations that span from marketing to development, production, sales, installation, and finally maintenance. We also have a neutral position in the industry, being not attached to group companies' businesses, and this is an important factor in being chosen by customers.

Solamoni Service Process



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

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

Yukumoto: Components, systems, and services are all interconnected. In order to maximize energy efficiency throughout a product's life cycle, we provide customers with comprehensive support, including maintenance. In other words, we want our customers to know that "We are always beside them!." We are confident Omron is the only company to possess systems for providing such comprehensive service.

A Business That Practices the Omron Principles

— How about the resolution of social issues and social contribution?

Yukumoto: Some people may be curious as to why Omron is working on an environmental solutions business. Part of the decision was based on the fact that we possess PV inverters employing energy conversions technologies, monitoring systems steeped in energy control technologies, and other relevant products that call upon our strong technological capabilities. However, on a more fundamental level, the reason was simple; it coincides with our corporate philosophy.

Omron has always endeavored to develop ventures that benefit society. My division was just established in 2009, but we already feel that we are conducting a business that practices the Omron Principles.

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

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

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

* AICOT® (Anti-Islanding Control Technology): AICOT is a proprietary Omron technology that prevents the danger of PV inverters operating under islanding conditions in grid-connected multiple solar power systems. This technology thereby supports the smooth introduction of solar power generation systems and also removes installation limitations. For this reason, AICOT is expected to make strong contributions to the spread of these systems.

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

Izumi Echizen

Two Keywords: Integration and Global

Omron will pursue integrated global risk management by striking a balance between **advance preparation** and **proactive action**.

—What does risk management mean to Omron? Also, why is risk management necessary?

Sakumiya: Risk management has two sides. One is the advance preparation for managing risks and the other is the proactive action of taking risks. A company must pursue the maximization of earnings under the given operating conditions. At the same time, a company must fulfill its responsibility toward society. It is impossible to move forward without properly managing risks. Losses can be incurred if opportunities are missed by not taking risks; these are equitable to those resulting from losses from insufficient advance preparation.

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

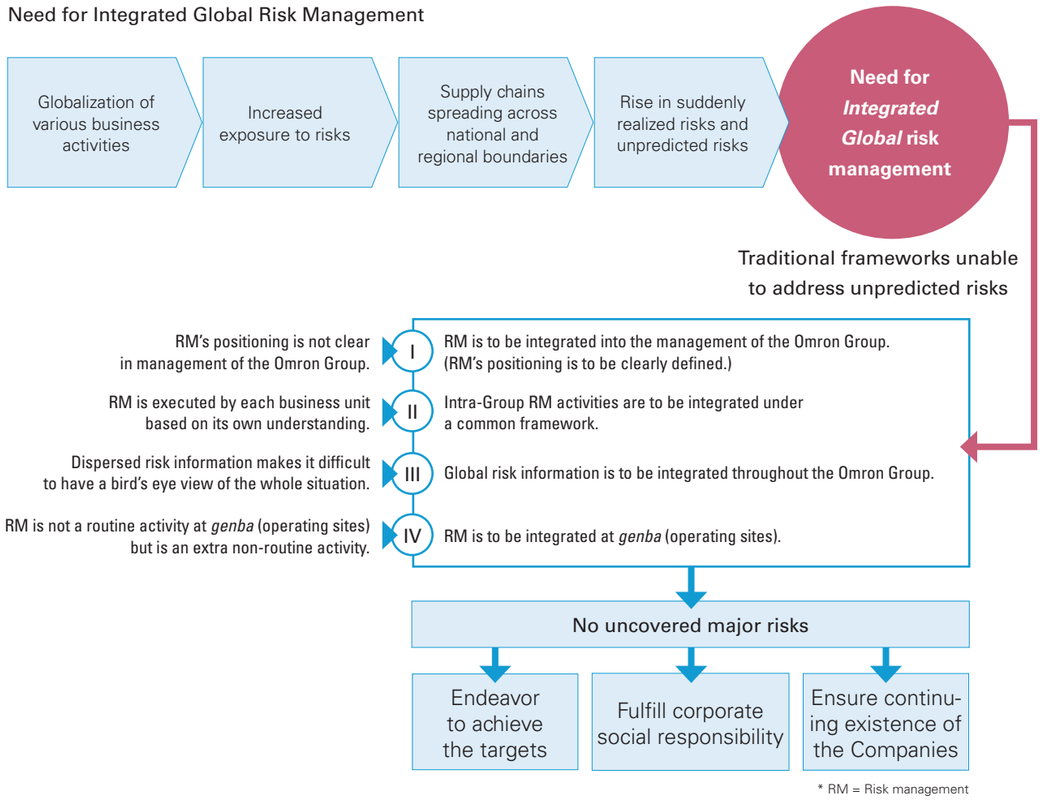
—What are some important points for Omron?

Sakumiya: Omron is developing a diverse range of businesses on a global scale under a decentralized management structure. Its operating conditions are such that trouble in an individual business in one region could instantly develop into a large risk for the overall management of the Omron Group. For this reason, it is essential to manage information and countermeasures for all possible risks in an integrated and global manner. As such, "integration" and "global" are keywords for risk management. Accordingly, we named our efforts "integrated global risk management."

Further, Omron's risk management is not simply about reducing exposure to risks. The corporate core value of the Omron Principles is "Working for the benefit of society," and accordingly Omron also views risk management as an opportunity to work toward such benefit. For example, we have the important mission of protecting public transportation systems in the event of a disaster. To that end, we have defined critical products for this purpose from among such items as traffic signals, ticket vending machines, and automated ticket gates and prepared replacements parts for such equipment. We also consider alternative modes of transportation should public transportation systems be rendered unusable and have readied emergency rations and disaster-

Integrated Global Risk Management Policies

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.



* RM = Risk management

response gear for people living nearby disaster zones. In these ways, Omron is conducting activities that give form to its corporate philosophy.

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

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

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

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

—What systems are being put in place to facilitate global risk management efforts?

Sakumiya: For executive departments, the Global Resource Management Headquarters plays a key role in advancing initiatives as the Company works to develop stronger team relations vertically among business lines and horizontally between the corporate headquarters and regional head offices, making for a closely coordinated global vertical-horizontal matrix management system. As one facet of these efforts, the Corporate Ethics & Risk Management Committee has been established under the Executive Council of the Company. In addition, we have appointed risk managers at all Omron Group companies around the world, and we are utilizing our global network to share risk information and discuss response measures in the course of daily activities.

At the same time, directors take on the perspective of shareholders and other investors from which they monitor executive departments to determine whether or not they are functioning properly. Directors also advise these departments in conducting their duties.

Further, in the event of an occurrence that threatens the continuation of our business, a Company-wide Emergency Response Headquarters must be established. In preparation for such an occurrence, directors and executive officers develop ordered lists of possible candidates for heading this Emergency Response Headquarters ahead of time.

—What kind of risks do you identify as serious?

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

Meeting of risk managers

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

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

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

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

BCP drill at Emergency Response Headquarters

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

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

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

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

* ESG: Environmental, Social, and Governance

—What issues must Omron address going forward?

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

There are countless issues to be addressed in the area of risk management. For this reason, it is necessary to prioritize these issues and continue to address them in a systematic manner.

Akio Sakumiya

Evaluation of Omron's Risk Management by an Outside Director

Sustainable Growth and Aggressive Risk Management

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

Kazuhiko Toyama previously held positions at Boston Consulting Group, Inc. He also helped found and later served as President and CEO of Corporate Direction Co., Ltd., Japan's first independent management strategy consultancy. In 2003, Mr. Toyama was appointed Senior President and COO of the Industrial Revitalization Corporation of Japan at its inception, where he successfully turned around 41 Japanese companies. In April 2007, he founded Industrial Growth Platform, Inc., which provides management support services focused on realizing long-term sustainable business operations and elevating corporate value. Mr. Toyama currently serves as a Vice Chairman of the Japan Association of Corporate Directors and a Vice Chairperson of the Japan Association of Corporate Executives.

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

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

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

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

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

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

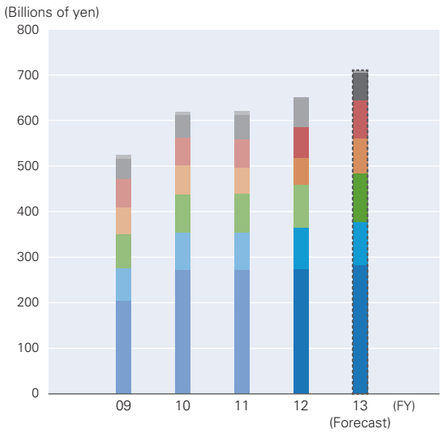
Omron at a Glance

Performance and Forecasts by Segment

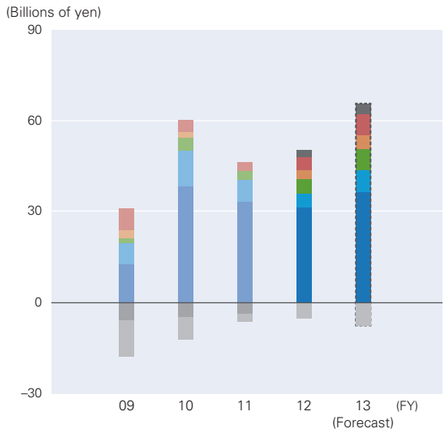
Net Sales and Operating Income

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 / Eliminations and Corporate

Net Sales by Segment



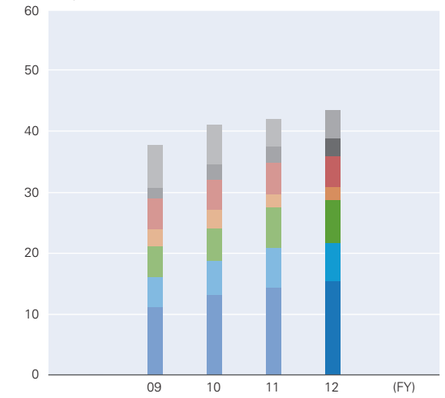
Operating Income (Loss) by Segment



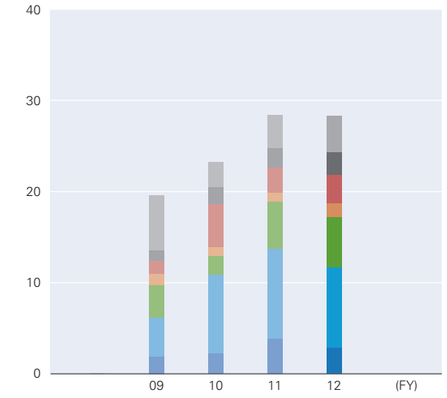
R&D Expenses and Capital Expenditures

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 / Eliminations and Corporate

R&D Expenses by Segment



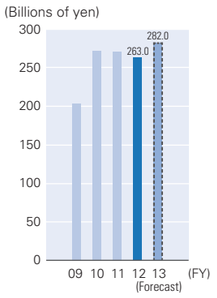
Capital Expenditures by Segment



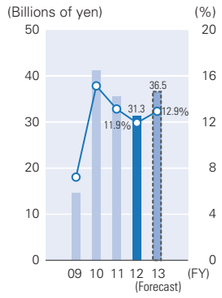
Notes:
1. From fiscal 2013, certain operations previously included in EMC have been included in IAB following a change in management categorizations. Accordingly, the segment information figures for fiscal 2012 and prior fiscal years have been restated to reflect this change.
2. Beginning in fiscal 2010,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

Industrial Automation Business (IAB)

Net Sales

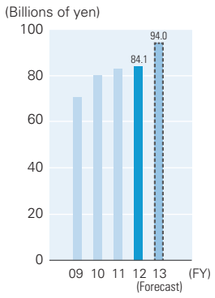


Operating Income and Operating Income Margin

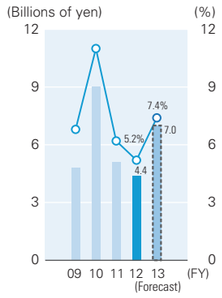


Electronic and Mechanical Components Business (EMC)

Net Sales

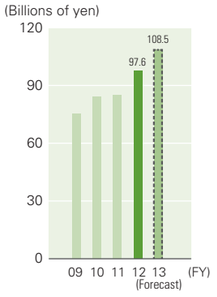


Operating Income and Operating Income Margin

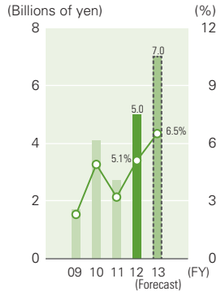


Automotive Electronic Components Business (AEC)

Net Sales

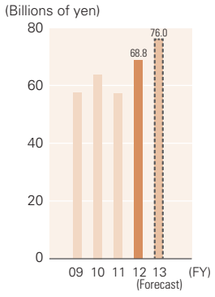


Operating Income and Operating Income Margin

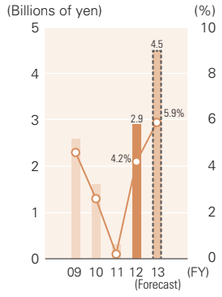


Social Systems, Solutions and Service Business (SSB)

Net Sales

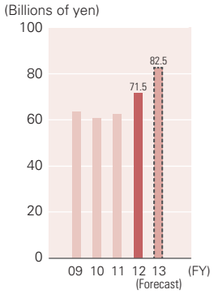


Operating Income and Operating Income Margin

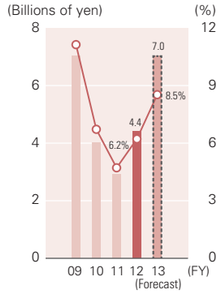


Healthcare Business (HCB)

Net Sales

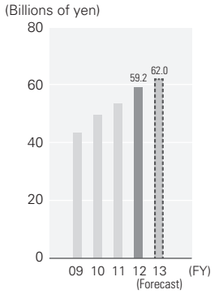


Operating Income and Operating Income Margin

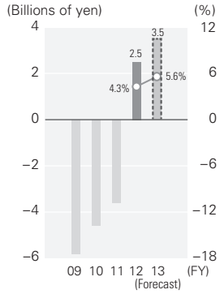


Other Businesses

Net Sales



Operating Income (Loss) and Operating Income Margin



Industrial Automation Business (IAB)

Manufacturing and sales of control systems and components for factory automation and industrial equipment

% of net sales
40%

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

Fiscal 2012 in Review

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

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

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

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

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

In Europe, various economic indicators improved during the second half of the year. However, production and new investments continued to be limited, resulting in low demand. In the Americas, meanwhile, automobile-related demand was favorable, and sales were solid accordingly.

IAB pursued more efficient operations to reduce fixed costs while steadily conducting investment necessary for the future. However, the heavy impacts of overall sales declines could not be offset, and operating income decreased as a result.

IAB Results and Forecasts

(Billions of yen)

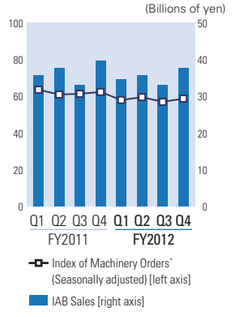
Fiscal Year	2009	2010	2011	**2012**	2013 (Forecast)
Net sales	203.9	271.9	270.8	**263.0**	282.0
Japan	91.2	123.9	123.1	**116.3**	117.0
Overseas	112.7	148.0	147.7	**146.7**	165.0
Americas	18.9	26.7	29.3	**31.6**	32.5
Europe	51.2	56.7	55.3	**50.4**	56.0
Asia Pacific	16.8	25.0	25.3	**24.7**	29.9
Greater China	25.5	38.8	36.8	**39.4**	46.0
Direct exports	0.3	0.7	1.0	**0.6**	0.6
Operating income	14.6	41.1	35.4	**31.3**	36.5
Operating income margin	7.2%	15.1%	13.1%	**11.9%**	12.9%
R&D expenses	12.0	14.2	15.4	**16.5**	
Depreciation and amortization	5.2	4.5	4.2	**3.5**	
Capital expenditures	1.9	2.2	3.8	**2.8**	

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

Check it out!

Analysis of external environment

Index of Machinery orders and IAB sales



*Source: Calculated based on materials prepared by the Cabinet Office, Government of Japan

Japanese IAB sales trends tend to reflect those in the machinery orders index.

Business Strategy and Outlook for Fiscal 2013

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

Yoshinobu Morishita
Representative Director and Executive Vice President
Company President, Industrial Automation Company

In fiscal 2013 we are forecasting a year-on-year rise in net sales of 7.2%, to ¥282.0 billion, and a 16.4% increase in operating income, to ¥36.5 billion.

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

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

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

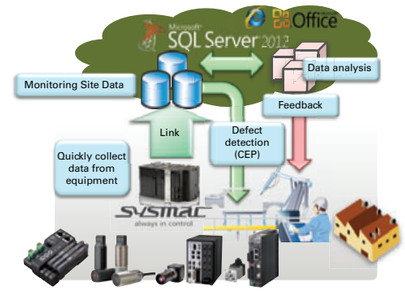
We will continue to strengthen our operations in emerging countries, where automation needs continue to grow, and also actively work to acquire new technologies that will contribute to the future of manufacturing. Aiming to evolve as an automation partner to manufacturers worldwide, IAB will develop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

What's New

Joint Project with Microsoft Japan to Utilize Big Data

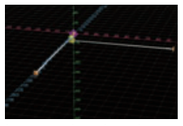
Manufacturers are increasingly seeking higher levels of quality and safety. At the same time, there is a rising need for traceability that allows information to be collected and analyzed on a single item basis to instantly determine when, where, and under what conditions certain items were produced.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

This new solution directly links Omron's Sysmac control with the SQL Server of Microsoft Corporation to help advance reforms at production sites by providing the world with a new means of tracking and utilizing data related to manufacturing.



Industry First—Integrated Tool with 3D Motion Trace Functions

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

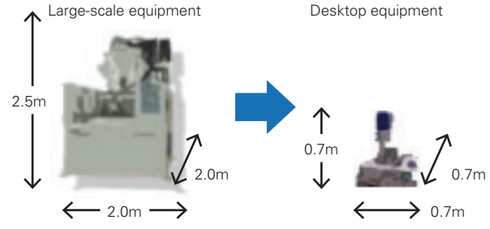


Integrated engineering tool

Sysmac automation platform

Industry First—Photoelectric Sensor Reborn through the Production Method

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



Electronic and Mechanical Components Business (EMC)

Manufacturing and sales of electronic components for consumer appliances, telecommunications equipment, mobile telephones, amusement devices, and office automation equipment

% of net sales
13%

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

Fiscal 2012 in Review

Sales increased following a recovery in Japanese demand. Performance was solid in new businesses in China.

EMC net sales were up 1.3% year on year, to ¥84.1 billion, and operating income was down 14.9%, to ¥4.4 billion, in fiscal 2012.

In Japan, sales increased 5.6%, to ¥26.7 billion. During the first half of the fiscal year, demand from consumer-related industries was relatively unchanged from the previous fiscal year, but demand in the automobile industry recovered from the impacts of the Great East Japan Earthquake, driving an overall increase demand. In the second half of the year, demand for "white goods" home appliances was sluggish. However, demand was solid in infrastructure-related industries, and we saw increased demand in the office equipment and mobile device industries. These factors contributed to the increase in full-year sales.

Supported by the solid performance of businesses in China during the second half of the year, overseas sales were practically unchanged from the previous fiscal year, declining 0.5%, to ¥57.4 billion.

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

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

EMC Results and Forecasts

(Billions of yen)

Fiscal Year	2009	2010	2011	**2012**	2013 (Forecast)
Net sales	70.7	81.2	83.0	**84.1**	94.0
Japan	22.3	24.9	25.3	**26.7**	29.5
Overseas	48.4	56.3	57.7	**57.4**	64.5
Americas	7.3	13.7	13.2	**13.1**	14.5
Europe	11.7	13.0	12.9	**11.3**	13.9
Asia Pacific	7.6	8.4	7.6	**7.1**	9.0
Greater China	19.8	19.8	22.7	**24.6**	26.1
Direct exports	1.9	1.5	1.3	**1.4**	1.0
Operating income	4.8	9.0	5.1	**4.4**	7.0
Operating income margin	6.8%	11.0%	6.2%	**5.2%**	7.4%
R&D expenses	4.1	4.6	5.5	**5.2**	
Depreciation and amortization	8.5	6.9	7.2	**7.4**	
Capital expenditures	4.2	8.7	9.9	**8.9**	

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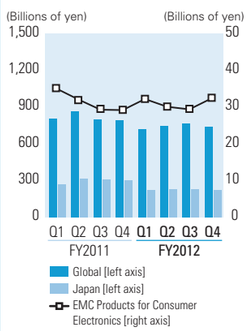
Check it out!

Analysis of external environment

Global shipments of electronic components and sales of EMC products for consumer electronics



Source: Japan Electronics and Information Technology Industries Association (JEITA)

In fiscal 2012, consumer electronics sales were strong centered on emerging countries.

Business Strategy and Outlook for Fiscal 2013

We will improve profitability by expanding sales in new fields related to the environment and energy and by exercising our advanced *monozukuri* capabilities.

Koichi Tada
Managing Officer
Company President,
Electronic and Mechanical Components Company

We plan to increase EMC net sales 11.8% year on year, to ¥94.0 billion, and boost operating income 60.9%, to ¥7.0 billion, in fiscal 2013.

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

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

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

What's New

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

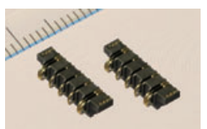
In the automobile industry, the market is expanding for electric and hybrid-electric vehicles and other eco-friendly vehicles equipped with high-voltage batteries. As this market grows, automobile manufacturers are increasingly in need of DC load control technologies for these clean energy vehicles as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

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

DC power relay

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

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



Round Water-Resistant Connector That Enables Easy Connection of Different Shaped Cables with One Type of Connector: XS5C/G

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

Facial Expression Estimation Technology That Further Evolves Face-Sensing Technologies

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

Automotive Electronic Components Business (AEC)

Production and sales of electronic components for automobiles

% of net sales
15%

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

Fiscal 2012 in Review

Sales and income increased in both Japanese and overseas operations.

We set a new record for sales following the 2008 financial crisis.

AEC net sales grew 14.8% year on year, to ¥97.6 billion, and operating income rose 86.1%, to ¥5.0 billion, in fiscal 2012. In Japan, sales were ¥30.2 billion, up 4.8% from the previous fiscal year, setting a new record for after the 2008 financial crisis.

In Japanese operations, while fiscal 2011 was impacted by the temporary production adjustment trend that followed the Great East Japan Earthquake, this trend disappeared in fiscal 2012. In addition, the first half of the year felt the benefits of government measures to promote the purchase of eco-friendly automobiles, such as the extension of tax breaks and the reinstatement of subsidies. These factors drove strong automobile-related demand during the first half of the year. In the second half of the year, we saw such detracting factors as a decline in exports to Europe as a result of the economic recession in Europe and lower sales related to China, but impressive sales of new models of *keijidousha* (a class of small automobiles defined by Japanese standards) helped support demand nonetheless. As a result, full-year sales in Japan improved year on year.

Overseas sales rose 20.0%, to ¥67.4 billion, supported by robust demand in certain countries. Demand was low in Europe, especially during the first half of the year, and sales of Japanese automobiles took a sharp downturn in China. Nevertheless, overall demand from overseas automobile manufacturers and emerging markets was brisk. In Americas, demand was strong throughout the year, and demand in China increased during the second half of the year. In addition, we experienced a rebound from the temporary declines in sales in the previous fiscal year that resulted from the floods in Thailand. This rebound was particularly prominent in the first half of the year. As a result of the above factors, overall full-year overseas sales showed a significant increase from the previous fiscal year.

Operating income was also substantially higher due to the rebound from the abovementioned impacts of the Great East Japan Earthquake and the Thailand floods.

AEC Results and Forecasts

(Billions of yen)

Fiscal Year	2009	2010	2011	**2012**	2013 (Forecast)
Net sales	75.2	84.3	85.0	**97.6**	108.5
Japan	23.9	28.4	28.9	**30.2**	25.0
Overseas	51.3	55.9	56.1	**67.4**	83.5
Americas	24.0	23.9	21.5	**25.0**	30.5
Europe	2.0	2.6	2.4	**2.8**	3.0
Asia Pacific	13.1	14.2	16.2	**19.5**	24.0
Greater China	6.3	9.1	9.5	**13.9**	19.0
Direct exports	5.9	6.2	6.5	**6.2**	7.0
Operating income	1.7	4.2	2.7	**5.0**	7.0
Operating income margin	2.3%	4.9%	3.2%	**5.1%**	6.5%
R&D expenses	5.0	5.3	6.6	**7.0**	
Depreciation and amortization	2.1	2.1	2.1	**2.4**	
Capital expenditures	3.6	2.0	5.2	**5.5**	

* Beginning in fiscal 2010, the Omron Group has been revising the management guidance fees for the purpose of concentrating capital funds at the headquarters to reinforce selection and concentration and strategically allocate resources. This inclusion has had an effect on the operating income of each segment.
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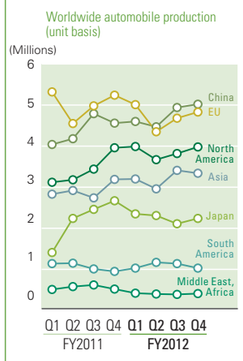
Check it out!

Analysis of external environment



Source: CSM Worldwide, Inc.

Sales were poor in Japan due to the impacts of the Great East Japan Earthquake, while sales improved significantly in China.

Business Strategy and Outlook for Fiscal 2013

Automobile market growth is expected to center on emerging countries.

For AEC, we are forecasting a year-on-year increase of 11.1%, to ¥108.5 billion, in net sales, with a 39.7% increase in operating income, to ¥7.0 billion, in fiscal 2013.

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

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

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

What's New

Relocation of Aged Brazilian Factory

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

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

AEC's new factory in Brazil commenced full-fledged operation in January 2013

Electric Power Steering Controllers

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

Transmitter Key and Engine Start Systems

AEC is carrying out the development and production of various devices by integrating its wireless, miniaturization, and weight-reducing technologies for which it has established a strong market reputation. These devices provide added convenience for users and greater ease in locking and unlocking doors and starting the engines of automobiles.

Components for Eco-Friendly Vehicles

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

Segment Information

Social Systems, Solutions and Service Business (SSB)

Providing solutions and services for contributing to a safer, more secure, and comfortable society

% of net sales
11%

OMRON SOCIAL SOLUTIONS Co., Ltd. (SSB), provides various equipment, systems, and services to support secure and comfortable living environments and a safe social infrastructure.

Fiscal 2012 in Review

Sales and income increased significantly due to growth in the safety and security and environmental solutions fields.

In fiscal 2012, SSB sales and income both increased significantly, with net sales up 20.2% year on year, to ¥68.8 billion, and operating income at ¥2.9 billion, compared with ¥0.1 billion in fiscal 2011.

In the railway infrastructure business, railway companies saw improvements in tourism revenues due to the rebound from the impacts of the Great East Japan Earthquake. As a result, replacement demand for railway infrastructure was solid throughout the year. In particular, deliveries of automated ticket vending machines, automated ticket gates, and other equipment were up, as were orders for related installation. In addition, sales of safety and security solutions centered on remote monitoring systems were strong. Accordingly, full-year net sales increased substantially.

The traffic control and road control systems business continued to feel the negative trend toward limiting capital investment seen among customers. Nevertheless, full-year net sales proved favorable due to the strong performance of safety and security solutions.

Environmental solutions related businesses recorded impressive full-year net sales due to strong performance centered on growth fields, such as solar power generation system related services. Also, in the related maintenance business, there was a significant rise in the installation of PV inverters, and full-year net sales were solid as a result.

Operating income improved greatly year on year, supported by higher net sales and the benefits of profit structure reforms in the railway infrastructure business.

SSB Results and Forecasts

(Billions of yen)

Fiscal Year	2009	2010	2011	**2012**	2013 (Forecast)
Net sales	58.0	63.8	57.2	**68.8**	76.0
Japan	57.5	63.1	56.9	**68.5**	74.0
Overseas	0.5	0.7	0.3	**0.3**	2.0
Americas	0.0	0.0	0.0	**0.0**	0.0
Europe	0.0	0.0	0.0	**0.0**	0.0
Asia Pacific	0.0	0.0	0.0	**0.0**	0.0
Greater China	0.0	0.0	0.0	**0.1**	1.1
Direct exports	0.5	0.7	0.3	**0.2**	0.9
Operating income	2.7	1.7	0.1	**2.9**	4.5
Operating income margin	4.6%	2.6%	0.2%	**4.2%**	5.9%
R&D expenses	2.9	3.0	2.2	**2.2**	
Depreciation and amortization	1.4	1.7	1.1	**1.1**	
Capital expenditures	1.2	1.0	0.9	**1.5**	

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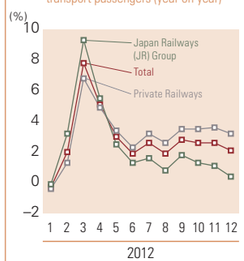
* The forecasts for R&D expenses, depreciation and amortization, and capital expenditures are not publicized.

Check it out!

Analysis of external environment

Changes in the number of rail transport passengers (year on year)



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

SSB's business covers a wide range of social fields, and there are no specific economic indicators that link closely to performance. In the railway segment, for example, SSB's sales are strongly influenced by customer budgets for IC card equipment installation and new railway and station construction plans. During fiscal 2012, tourism levels recovered from the slump seen following the Great East Japan Earthquake, and the investment environment in the railway segment improved as a result.

Business Strategy and Outlook for Fiscal 2013

We will continue to strengthen competitiveness and build foundations for growth.

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

In fiscal 2013, we are projecting a 10.5% year-on-year gain in SSB net sales, to ¥76.0 billion, and a 54.4% rise in operating income, to ¥4.5 billion.

In existing businesses, such as those related to railways and traffic control, we have achieved profitability through the implementation of ongoing profit structure reforms. This profitability will be taken advantage of to steadily capture replacement demand and thereby maximize earnings. In the safety and security field, the experience and expertise accumulated through operations thus far will help realize a full-fledged expansion.

In growth businesses, we will pursue sales growth in the environmental solutions field, where demand continues to expand. In this pursuit, we will take advantage of the Group's ability to provide package offerings, including products, system design, installation, maintenance, and other services, to capture the expanding demand. Further, we will focus on the development of new energy-related products and services from the three perspectives of creation, storing, and saving. Through these efforts, we hope to put SSB on the track toward medium-to-long-term growth.

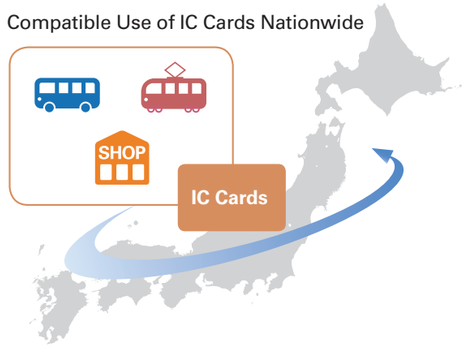
What's New

Ticket Reading Systems for Compatible Use of IC Cards

On March 23, 2013, Japan's major IC card systems became compatible with each other, enabling one card to be used at most stations in Japan's largest cities between Hokkaido and Kyushu. It was previously possible to use IC cards from one area in others, but this was only available in limited areas. As such, it was very inconvenient to travel through various different regions. The introduction of the compatible-use system will make travel and business trips much more convenient, creating new potential for IC cards.

As a pioneer in the field of automated ticket vending machines for almost 50 years, SSB contributed to society with its automated ticket gate systems. Its 50 years of experience and efforts to create social needs have led SSB to contribute to the realization of the world's largest IC card compatible-use system, which enables the same card to be used across Japan at 52 railway companies, 96 bus companies, and approximately 200,000 stores.

Compatible Use of IC Cards Nationwide



Stationary Lithium-Ion Electricity Storage System

This system stores the electricity generated by solar power generation systems and purchased from power companies and thus may be used as a power supply when needed, such as during a blackout. The system employs lithium-ion rechargeable batteries made with olivine-type lithium iron phosphate, known for their safety, and boasts the high capacity of up to 19.2kWh coupled with a long lifespan that is resistant to repetitive charging and discharging. Under normal operating conditions, the system helps shift electricity usage away from peak hours, effectively cutting peak-hour usage and conserving electricity. Should a blackout occur, the system automatically activates to supply a defined load to specified equipment, thereby ensuring that lighting, communications facilities, and other equipment necessary to respond to disasters may be kept functional.

As a means of realizing local electricity production and consumption, electricity storage systems are gaining increased attention along with solar power generation systems, which are an ever more important part of generation infrastructure. Omron's electricity storage systems can function as infrastructure for disaster countermeasures and will be used to contribute to the development of safer, more secure, and more eco-friendly social infrastructure.

Electricity storage system

Segment Information

Healthcare Business (HCB)

Providing health and medical devices and services for homes and medical institutions

OMRON HEALTHCARE Co., Ltd. (HCB), is aiming to expand business with a focus on emerging economies by developing innovative products and services to enable people around the world to accurately and easily monitor their health status.

Fiscal 2012 in Review

A clear recovery was seen from the impacts of the Great East Japan Earthquake. Sales and income were substantially higher both in Japan and overseas.

In fiscal 2012, HCB sales and income were substantially higher, with net sales rising 14.5% year on year, to ¥71.5 billion, and operating income up 51.0%, to ¥4.4 billion.

In Japan, sales increased 8.2%, to ¥29.5 billion. Demand for home-use healthcare devices recovered from the period of stagnancy that followed the Great East Japan Earthquake, and sales of mainstay blood pressure monitors and thermometers were strong throughout the year. In addition, new demand was stimulated by the launch of new products, such as sleep duration trackers, sleep sensors, wrist-type blood pressure monitors, body composition monitors with IT functions, electric toothbrushes, and electronic massagers. As a result, full-year sales were strong overall. Investment among medical institutions recovered, and performance proved favorable. As result, net sales in Japan increased year on year.

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

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

HCB Results and Forecasts

(Billions of yen)

Fiscal Year	2009	2010	2011	**2012**	2013 (Forecast)
Net sales	63.4	60.6	62.4	**71.5**	82.5
Japan	29.6	26.9	27.2	**29.5**	31.0
Overseas	33.8	33.7	35.2	**42.0**	51.5
Americas	10.8	10.2	9.8	**10.8**	13.0
Europe	12.7	12.2	13.0	**15.9**	18.1
Asia Pacific	2.3	2.5	2.9	**3.5**	5.6
Greater China	7.4	8.0	8.6	**11.1**	14.3
Direct exports	0.7	0.8	0.9	**0.7**	0.5
Operating income	7.1	4.1	2.9	**4.4**	7.0
Operating income margin	11.1%	6.7%	4.7%	**6.2%**	8.5%
R&D expenses	5.0	5.0	5.1	**5.0**	
Depreciation and amortization	1.3	1.2	1.5	**1.9**	
Capital expenditures	1.5	4.7	2.8	**3.1**	

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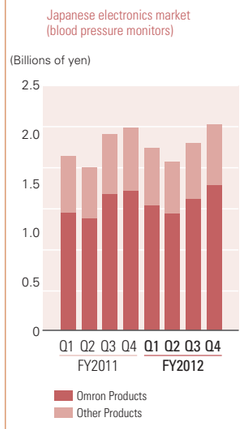
Check it out!

Analysis of external environment



Source: GfK

Sales of blood pressure monitors surged in the second half.

Business Strategy and Outlook for Fiscal 2013

Sales growth will be targeted in emerging markets.

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

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

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

In developed countries, people are growing more committed to preventing illness as obesity increasingly becomes a social issue and healthcare costs rise. This trend is expected to drive growth in the preventative medical care market. HCB will act ahead of this market growth and develop new sensing devices and solutions in the fields of sleep and exercise that contribute to health improvement and illness prevention. These offerings will be used to create new markets.

What's New

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

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

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

MedicalLink is employed at more than 1,500 medical institutions across Japan. This service was utilized in the regions that were heavily impacted by the Great East Japan Earthquake to watch over senior citizens living alone in temporary housing. Further, Aizumisato Town, Fukushima Prefecture, used MedicalLink as part of a system that enables citizens to earn points each time they measure their blood pressure. These points can be exchanged for gift certificates and other services in their town. The system is a revolutionary new initiative that helps raise health consciousness among citizens while simultaneously stimulating the local economy.

Karada Scan Body Composition Monitor: HBF-252F

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

Blood Pressure Monitor: HEM-6310F

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

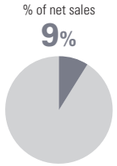
Sleep Duration Tracker: HSL-002C

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

Other Businesses

Several other business incubation operations

The main objective of operations in the Other segment is to undertake incubation activities for future business expansion. The Other segment advances business in future growth areas, including the environmental field, where energy-conservation and CO_2-reduction needs are expected to continue growing, and the expanding smartphone market.



Fiscal 2012 in Review

Demand related to renewable energy and smartphones contributed to sales.

In the Other segment, net sales increased 10.7% year on year, to ¥59.2 billion, and operating income of ¥2.5 billion was recorded in fiscal 2012, compared with an operating loss of ¥3.6 billion in fiscal 2011.

The Environmental Solutions Business HQ experienced a significant increase in full-year sales, with sales being particularly strong for PV inverters (energy-creation business). The strong sales can be attributed to the rise in renewable energy opportunities in society and the launch of the feed-in tariff scheme for renewable energy in Japan during July 2012.

In the Electronic Systems & Equipments Business HQ, sales of uninterruptible power supply (UPS) units were brisk due to concern for electricity supplies in Japan, which resulted from the Great East Japan Earthquake. However, we saw reduced demand from major customers for industrial-use computers and contract development and manufacturing services for electronic devices. This decrease in demand resulted in overall lackluster full-year sales.

In the Micro Devices Business HQ, contract semiconductor manufacturing demand was down. Nevertheless, this decline was offset by the benefits of increased demand for micro electrical mechanical systems (MEMS) microphone chips and custom integrated circuits for industrial use, and sales proved favorable.

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

Other Businesses Results and Forecasts

(Billions of yen)

Fiscal Year	2009	2010	2011	**2012**	2013 (Forecast)
Net sales	43.6	49.7	53.5	**59.2**	62.0
Japan	24.7	27.5	29.5	**41.4**	36.5
Overseas	18.9	22.2	24.0	**17.8**	25.5
Americas	0.0	0.0	0.0	**0.0**	0.0
Europe	0.0	0.0	0.0	**0.0**	0.0
Asia Pacific	0.0	0.0	0.0	**0.0**	0.0
Greater China	17.5	20.7	22.6	**16.3**	23.5
Direct exports	1.3	1.5	1.4	**1.5**	2.0
Operating income (loss)	(5.8)	(4.7)	(3.6)	**2.5**	3.5
Operating income margin	—	—	—	**4.3%**	5.6%
R&D expenses	1.7	2.5	2.8	**3.0**	
Depreciation and amortization	1.2	1.2	0.9	**1.4**	
Capital expenditures	1.1	1.9	2.1	**2.5**	

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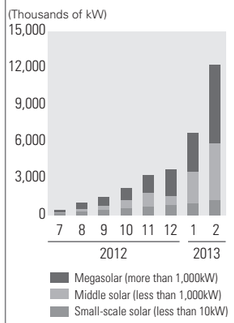
Check it out!

Analysis of external environment

Facilities by approved output



Source: Agency for Natural Resources and Energy (ANRE)

The number of solar power installations is growing rapidly due to the influences of the feed-in tariff scheme.

Business Strategy and Outlook for Fiscal 2013

The Environmental Solutions Business is targeting further growth.

In the Other segment, in fiscal 2013 we are forecasting a 4.7% year-on-year rise in net sales, to ¥62.0 billion, and a 38.6% increase in operating income, to ¥3.5 billion.

In the Environmental Solutions Business HQ, we will further expand the scale of operations by developing comprehensive energy solutions businesses that combine energy creation, storage, and saving. As the feed-in tariff scheme is expected to boost market activity for industrial solar power generation systems in Japan, we will work to expand sales of PV inverters in the Japanese market as we target a higher market share. We will also expand the energy-creation business by providing services that support the stable operation of solar power generation systems over the long term. At the same time, we forecast higher sales in the energy-saving components and services business.

In the Electronic Systems & Equipments Business HQ, we aim to capture a higher volume of orders from major customers for industrial-use computers and contract development and manufacturing services for electronic devices. Simultaneously, we will bolster our lineup of UPS units, which continue to experience rising demand, in order to better promote sales of these items.

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

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

What's New

Omron Receives METI Minister's Prize in New Energy Grand Prix Program

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

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

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

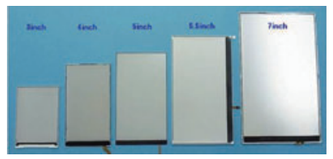
Moreover, because islanding detection over a wide area was difficult, solar power systems were limited by safety regulations to approximately 10% of the sites in each area in order to keep the power grid safe. This issue has been a relatively unnoticed obstacle hindering the proliferation of solar power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

Omron's answer to this issue is PV inverters that employ the proprietary AICOT® technology.

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

Backlight Units for High-End Smartphones

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



Uninterruptible Power Supply Units: BU-2RW Series

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

MEMS Differential Pressure Sensor

This thermal flow-type sensor measures with superior sensitivity and reproducibility in low pressure environments and with a wider pressure range. Embedded application specific integrated circuits carry out digital correction to read pressure with higher precision and with less influence from temperature than conventional analog output sensors.

Enhancing Profitability and Promoting Business Growth

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

Establishment and Implementation of the Omron Intellectual Property Guidelines

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

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

Intellectual Property Activities Contributing to Business

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

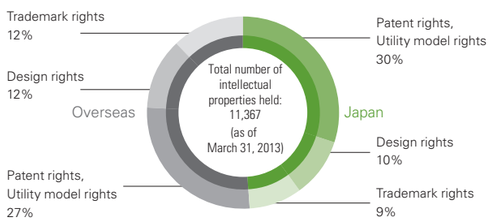
Over the long term, the Center contributes to the growth of our business value through intellectual property by strengthening internal coordination to respond to future business globalization and rapidly changing market conditions. We are accurately assessing our core technologies, creating an organized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

Strengthening Globalization of Intellectual Property

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

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

Intellectual Property Holdings in Japan and Overseas



Intellectual Property and R&D-Related Data

Fiscal Year	2008	2009	2010	2011	**2012**
Number of patents:					
Applications	1,119	794	901	1,068	**1,084**
Approvals	826	730	753	915	**1,172**
Total patents	5,205	5,218	5,452	5,959	**6,448**
R&D expenses (billions of yen)	48.9	37.8	41.3	42.1	**43.5**
R&D expenses / Sales ratio	7.7%	7.2%	6.7%	6.8%	**6.7%**

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

Omron Will Concentrate on Strengthening 10 Areas of Technology

Omron has continually worked on enhancing its core "Sensing and Control" technologies with the aim of contributing to the development of the "post-industrial society." In Omron's long-term management strategy, Value Generation 2020, we set the following 10 areas of technology as areas to strengthen through increased R&D with an eye to future needs. Through reinforcing these10 areas throughout the Omron Group, we are aiming to optimize performance, cost, and speed in order to respond to intensifying global competition.

10 Areas of Technology

Sensing & control + intelligence technologies

Extracting needed data from a range of information and processing this in a more intelligent way to create greater value

1. Detection, identification, and recognition technologies
2. Power electronics design technologies
3. Control technologies
4. Knowledge information technologies

Methodology and facility technologies

Methodology and facilities designed to realize greater productivity

5. Materials and methods technologies
6. Facility and process technologies

Utilization of open technologies

Creating technological innovations through collaborative development utilizing original technologies and open technologies

7. Network technologies
8. Embedded technologies

Technology development efficiency enhancement

Through development process innovation, we aim to greatly enhance technology development efficiency in order to be able to create new products with overwhelming speed.

9. Computer-aided engineering (CAE)
10. Development processes

Provision of Safe and Secure Products and Services

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

IAB's Global Quality Assurance System

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

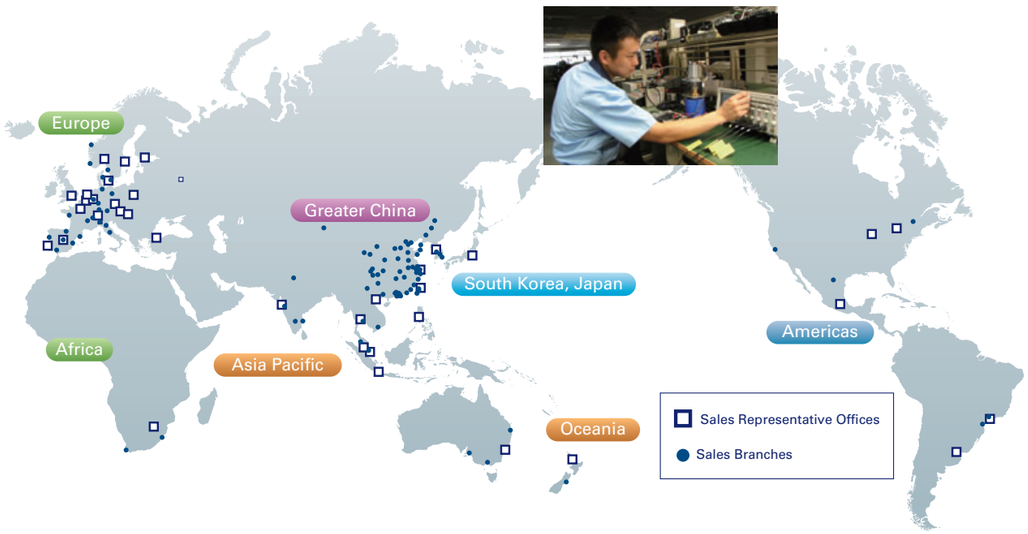
IAB is dedicated to preventing the creation and shipment of defective products as well as the recurrence of any issues that may occur. Accordingly, IAB has developed a quality assurance system that is standard throughout its global operations. The underlying foundations for this system are the quality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

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

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

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

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



Creation of Safe and Secure Products That Meet Area Needs

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

Professional blood pressure monitor HBP-1300 (Japan model)

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

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

* Glocalization: A combination of globalization and localization

Initiatives to Improve the Reliability of Solar Power Systems

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

Aso Solar Power Training Center

This training center employs nine solar power generation systems (total generation capacity of 100kW), including those from both Japanese and overseas makers, which are used to conduct training geared toward fostering technical skills related to improving product reliability and conducting verification testing on products as well as constructing solar systems, which is learned through hands-on practice. In this manner, the training center supports the company in developing engineering systems that enable it to conduct technical verification and offer high-quality services nationwide to respond to customer needs.

Solar system construction training

Respect for Individuality and Diversity and Cultivation of Human Resources That Can Compete on the Global Stage

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

Global Human Resources Strategies for Individuals and Teams

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

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

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

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

TOGA qualifying competition held at corporate headquarters in Kyoto

Going forward, we will continue to establish the necessary systems for strengthening our global operations and advance our human resources strategies to guarantee the success of VG2020.

Empowerment of Women on a Global Scale

Realizing the importance of empowering women, Omron established a new department for this purpose in fiscal 2012, and it is actively advancing women empowerment initiatives.

Omron has been committed to recruiting talented people without regard to gender while also working to establish a workplace environment that can allow them to fully demonstrate their capabilities and contribute to the Company's management. Over the years, Omron has continued to institute a number of measures to this end, including the launch of a training program targeting mid-career or assistant manager class female employees. Also, we hold social events, workshops, and seminars for female employees to help them network. With regard to the workplace environment, we are taking steps to improve systems for supporting female employees in balancing their work-life with their home-life. As a result of these efforts, we are seeing a steady rise in the number of female employees in leadership roles in Japan. Nevertheless, in Japan, only 1.5% (23 employees) of managerial positions were filled by women as of April 2013. Going forward, we will establish concrete goals for promoting female employees and work to draw out the potential of female members of the Omron Group so that we may further improve corporate value.

Message from Representatives


Megumi Hamada (right) and Chie Uemura (left) from the Global Human Resource Development Department

In the Omron Group outside Japan, women already fill many managerial positions. In Japan, we are making efforts to promote it as the diversity management. For this reason, we are going to develop a workplace environment in Japan that will further empower Omron's female employees.

Expansion of Employment Opportunities for People with Disabilities

OMRON Taiyo and OMRON Kyoto Taiyo

At Omron, we respect individuality and diversity, as is pledged by the Omron Principles. As such, we are expanding employment opportunities for people with disabilities.

Inspired by our corporate core value—"Working for the benefit of society"—we established OMRON Taiyo Co., Ltd., in 1972 in cooperation with social welfare organization Japan Sun Industries. Based in Beppu, Oita Prefecture, this company established Japan's first factory for the employment of people with disabilities. Later, in 1986, we established OMRON Kyoto Taiyo Co., Ltd., in Kyoto.

Over the years, a number of measures have been implemented to make OMRON Taiyo and OMRON Kyoto Taiyo more comfortable workplaces for people with disabilities. Thanks to these efforts, the factories are becoming an ever more conducive environment for enabling employees to exercise their skills. Improvements to the workplace environment at these factories have been realized through the introduction of production tools, support equipment, and semi-automatic devices that employees develop themselves in accordance with their own needs, as well as through other activities seeking improvement in such areas as productivity or quality. At the same time, employees are developing their own skills so that they may better utilize this environment.


OMRON Taiyo factory innovated to provide a comfortable workplace environment for people with disabilities

OMRON Taiyo lists examples of improvement activities from five perspectives—quality, productivity, the environment, occupational health and safety, and work range expansion—on its website.

At OMRON Kyoto Taiyo, improvement activities are advanced by all employees under the slogan of "A step of a hundred is greater than 100 steps of one." These activities focus on organization, orderliness, and cleanliness and help cultivate a drive for improvement and a pioneer spirit.

Both factories manufacture blood pressure monitors and digital thermometers equipped with voice functions. Employees from OMRON Kyoto Taiyo participate in the development of some of these healthcare devices from the design phase, proposing ways of making them easier to assemble and use for people with disabilities.


Healthcare device production line at OMRON Kyoto Taiyo

Furthermore, we draw on the knowledge gained from these employees, as well as on our universal design expertise, to help contribute through other activities to the development of more comfortable working and living environments for people with disabilities.

New Vision Contributing to the Global Environment

Recognizing environmental preservation as a management priority, Omron revised its environmental management vision, which is now called "Green Omron 2020," in 2011. Based on this new vision, the Company will promote two key measures: environmental contributions of its products and services and reduction of the environmental impact of its business activities.

Green Omron 2020

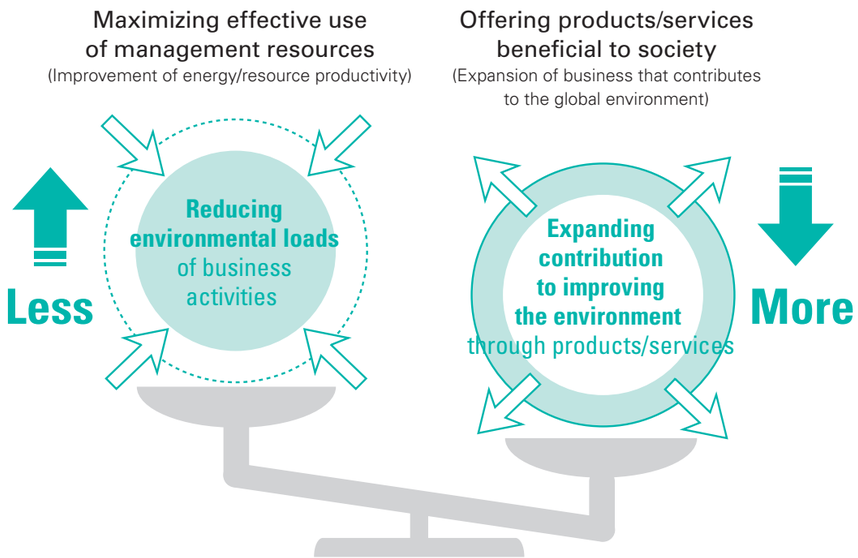
Reduction of Environmental Impact on a Global Scale

Environment Contributions Exceeding Our Environmental Impact

Omron established the Group's Environmental Policy in 1996 and its environmental management vision, "Green Omron 21" in 2002. Based on this policy and vision, Omron has promoted environmental management practices centered on lessening the impact of its business activities on the environment. Efforts were concentrated on reducing total CO_2 emissions and the amount of waste associated with business activities in Japan.

The Omron Group formulated its new environmental management vision, "Green Omron 2020," in September 2011. In addition to continuing with efforts to reduce the environmental impact of its internal business activities, the vision prescribes for the Group to contribute to the reduction of the environmental impact of its business activities on a global scale by creating and supplying products and services that reduce the environmental footprint of society.

Under this vision, we aim to contribute to the development of a sustainable society by maximizing the effectiveness of management resources. Meanwhile, rather than merely focusing on the environmental impact associated with increased business activities, we will also concentrate on reducing environmental impact by generating more products and services that contribute to the global environment. Having expressed these thoughts in our Environmental Policy, we have established Company-wide environmental targets and have also defined Activity Areas and Action Guidelines to realize the objectives of Green Omron 2020.



Omron Group Environmental Policy

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

1. Considering the environmental impact of the Omron Group's business activities, products, and services, we will establish the Environmental Management System globally and ensure continual improvements.
2. We will comply with the legal and other requirements to which we subscribe concerning environmental aspects, and we will take actions for environmental conservation and the prevention of pollution.
3. Under the Environmental Policy, we will establish and implement objectives, targets, and programs, and through their periodic evaluations we will strive to improve, maintain, and review our activities.
4. To accomplish the objectives of the Environmental Policy smoothly and efficiently, we will communicate it to all employees by providing environmental education and activities as well as subcontractors engaged in activities with the Omron Group.
5. We will disclose the Environmental Policy and the status of our environmental activities to the public in an appropriate manner as necessary.

Green Omron 2020 Environmental Targets

The Omron Group's Environmental Targets for Fiscal 2020

1. Improve carbon productivity*1 (targeting global sales / CO_2 emissions from global production sites) by 30% compared with the fiscal 2010 level on a global basis

*1 Carbon productivity: Net sales per ton of CO_2 emitted

2. Environmental contribution*2 > CO_2 emissions from global production sites

*2 Environmental contribution: Reduction in CO_2 emissions resulting from the use of Omron's energy-saving or energy-creating products

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

Activity Areas and Action Guidelines

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

Eco-Factories / Offices / Laboratories

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

Eco-Products

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

Eco-Logistics

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

Eco-Management

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

Eco-Mind

Proactively release information on Omron's environmental activities and results and promote social and community contributions.

Eco-Communication

Quest to Become the No. 1 Eco-Factory in the Industry

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

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

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

Eco-Factory Initiative

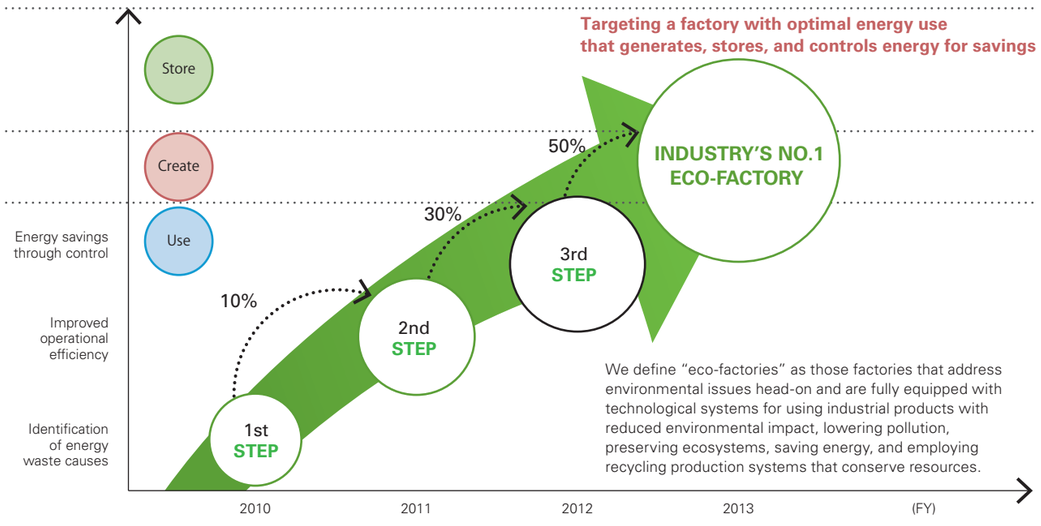
In October 2010, the Ayabe Plant launched an initiative to further enhance energy-saving efforts at its production site. Through this initiative to maximize energy efficiency, the Ayabe Plant aims to cut power usage in specified areas to half the existing level by March 31, 2014. The ultimate goal of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

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

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

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

The Ayabe Plant's Eco-Factory Goal



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

From Monitoring to Diagnostics: The Andon Environmental Information System

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

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

This system provides constant, real-time monitoring of electricity and environmental data. It also provides centralized monitoring, which enables data to be arranged by facility, production line, floor, or production stage, and consequently makes it easy for viewers to see the information they want while also facilitating easier understanding.

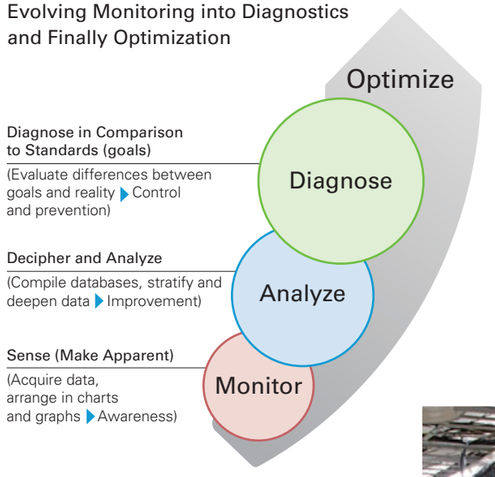
One function that is particularly characteristic of this system is the abnormality monitoring function that informs floor staff what to do should operating conditions change or an abnormality be detected. Another characteristic function is the system's communication function, which makes it easy for all members of the production staff to view actual, centralized data, thereby enabling them to maintain a better understanding of the circumstances at their plant. This in turn makes it easier for energy and environmental matters to be discussed at the workplace. In this manner, the Andon system effectively fosters awareness regarding energy saving among all employees and helps all-hands initiatives be advanced.

Contribution to the Future

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

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

Evolving Monitoring into Diagnostics and Finally Optimization



IAB's lineup of products for supporting monitoring efforts

Electricity monitoring systems and humidity sensors

Andon environmental information system in use

Relationship Building with Shareholders

IR Activities Focusing on Dialogue

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

Creating More Open and Interactive Shareholders' Meetings

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

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

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

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

Aiming to Strengthen Two-Way Communications

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

Tokyo Stock Exchange IR Festa 2013

For institutional investors, Omron provided about 800 communication opportunities in fiscal 2012.

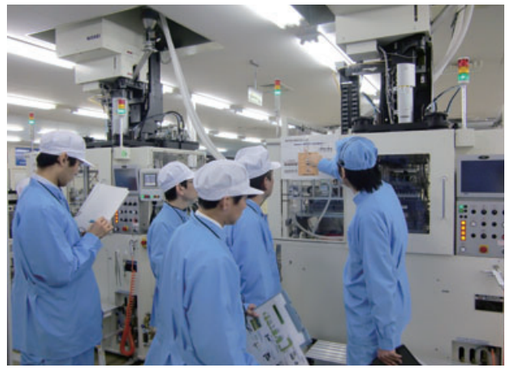
In addition, we actively utilize our website. As one example, we posted a video containing a message from the president to individual investors in which he explains the introduction of the shareholder benefit program.

Input and feedback obtained through dialogues are relayed via the IR department to the Company's senior management. Examples of improvements implemented in response to dialogues with shareholders include the introduction of the shareholder benefit program and the cancellation of treasury stock. Going forward, we will continue to draw on the opinions of shareholders to help formulate various management strategies.

Undertaking Proactive Information Disclosure

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

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



Tour of OMRON RELAY & DEVICES Corporation plant

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

2012 IR Prime Business Award 優良企業大賞 member of Japan Investor Relations Association

<Reasons for Selection>

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

Award ceremony for IR Grand Prix Award

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

Dow Jones Sustainability Indexes Member 2012/13
Asia Pacific (AP)

MS-SRI モーニングスター社会的責任投資株価指数 Morningstar Socially Responsible Investment Index

As of July 2013

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

Corporate Motto and the Omron Principles

Corporate Motto

At work for a better life,
a better world for all

The Omron Principles

Corporate Core Value: "Working for the Benefit of Society"

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

The underlying philosophy of these principles is that a company's reason for existence is to serve society, and only companies that add value and meet social needs can earn trust and confidence from society as good corporate citizens and thus successfully continue to survive as businesses. The core value reemphasizes the Company's commitment to offering benefits for society while also clearly stating Omron's determination to promote business management that emphasizes value for stakeholders that comprise society.

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

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

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

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

Activities to Instill the Omron Principles

Throughout its history, Omron has continued to advance activities geared toward instilling its corporate philosophy on a global basis. After the 2006 revision of the Omron Principles, the Company's directors held a series of lectures targeting executives to explain and further instill this corporate philosophy. These lectures were held over the period from 2008 to 2009 and were attended by a cumulative total of 3,000 executives. Between 2011 and 2012, Omron's chairman and vice chairman visited the sites of global operations, where they met with 300 executives to discuss the concepts behind the Omron Principles and their implementation. These meetings assisted in confirming mutual understanding with regard to the principles. In fiscal 2012, we launched two new initiatives—The Omron Principles Dialogues and The OMRON Global Awards (TOGA). These initiatives are designed to cultivate a corporate culture with an emphasis on addressing new challenges by facilitating understanding with regard to the Omron Principles so that they may be linked to one's work and practiced therein.

The Omron Principles Dialogues

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

Maintaining Honest Dialogue with Stakeholders to Build Relationships of Trust

CSR Management

Basic CSR Policy

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

CSR Practice Policies

- **Contribute to a better society through business operations.**
  Continuously offer advanced technologies and high-quality products and services by stimulating innovation driven by social needs.
- **Show a commitment to addressing societal issues as a concerned party.**
  Address issues such 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.

Framework of CSR Activities

Integrating CSR Promotion under Our Management Strategy

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

Framework of CSR activities	Individual CSR issues	Departments in charge	Heads of CSR-related committees
Business	Innovation driven by social needs	Business divisions, R&D division	
	Safety assurance for products and services and protection of customers	Business divisions, quality department	Companywide quality assurance council
Environment	Environmentally conscious business activities	Business divisions, environment department	Group Environment Activity Committee
	Environmental conservation activities		
Society	Respect for human rights	Personnel department, general affairs department	Central Human Rights Committee
	Labor standards compliance and respect for individuality and diversity	Personnel department	Committee for Promoting Employment of People with Disabilities
	Occupational health and safety	Personnel department, general affairs department	Occupational Safety and Health Committee
	Community involvement and social contributions (Corporate citizenship)	General affairs department	Central Disaster Prevention Committee
Governance	Management of information and intellectual property	Legal affairs department, information systems department, intellectual property department	Information Security Management Committee
	Competition and fair dealing	Legal affairs department, purchasing department	Corporate Ethics & Risk Management Committee
	Prevention of corrupt practices	Legal affairs department	
	Proper discharge of tax responsibilities, accounting, and investment activities	Finance department	
	Respect for local communities	Legal affairs department, general affairs department	
	Strict trade management for the maintenance of international peace and security	Legal affairs department	Export Management Committee
	Prohibition of abuse of corporate position in personal life	Legal affairs department, personnel department, investor relations department	Information Disclosure Executive Committee
Overall control of CSR	Formulation of CSR policy and guidelines, gathering of related information	CSR department	

Observance of International CSR Standards and Guidelines

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

July 2013
Omron Corporation
Fumio Tateishi
Chairman of the BOD

WE SUPPORT

Promotion of CSR throughout the Value Chain

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

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

Further, in fiscal 2012, we included a "request for non-use of conflict minerals" among our requests to suppliers. Accordingly, we now make requests to suppliers with regard to the following nine areas.

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

<Response to Conflict Mineral Issues>

Profits from the trading of minerals mined in the Democratic Republic of Congo and its neighboring nations have been used to finance armed rebel groups, allowing them to continue fighting and encouraging ongoing inhumane acts, such as violence, plunder, abuse, human trafficking, and child labor. For this reason, such minerals, which include tin, tantalum, tungsten, and gold, are called "conflict minerals."

Aiming to bring conflict to an end by cutting off the source of funds for armed groups, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law on July 21, 2010. Section 1502 of the Dodd-Frank Act has mandated that companies registered with the Securities and Exchange Commission (SEC) must publicly disclose their use of conflict minerals.

By upholding the purpose of the Dodd-Frank Act and fulfilling its corporate social responsibility, Omron is determined to promote the procurement of minerals in a responsible manner. In fiscal 2012, we began conducting investigations of suppliers to determine whether or not they use conflict minerals, and we also asked our suppliers to avoid the use of conflict minerals. Should the use of any conflict minerals in Omron Group products be discovered, we will take corrective action as quickly as possible.

Promoting Sound and Proper Corporate Management

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

Corporate Governance

Basic Policies

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

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

In line with this basic policy, Omron has adopted an executive officer system and clearly separates management oversight and business execution. Under an internal company system, Omron is realizing faster decision making and efficient business operations by delegating substantial authority to the president of each internal company. Moreover, autonomous individual business units that can specialize in creating value for customers take the initiative in conducting business. At the same time, through commitment-based management, we clarify roles and responsibilities and practice corporate value management based on shareholder value.

Management and Oversight Frameworks

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

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

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

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

Auditing Functions

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

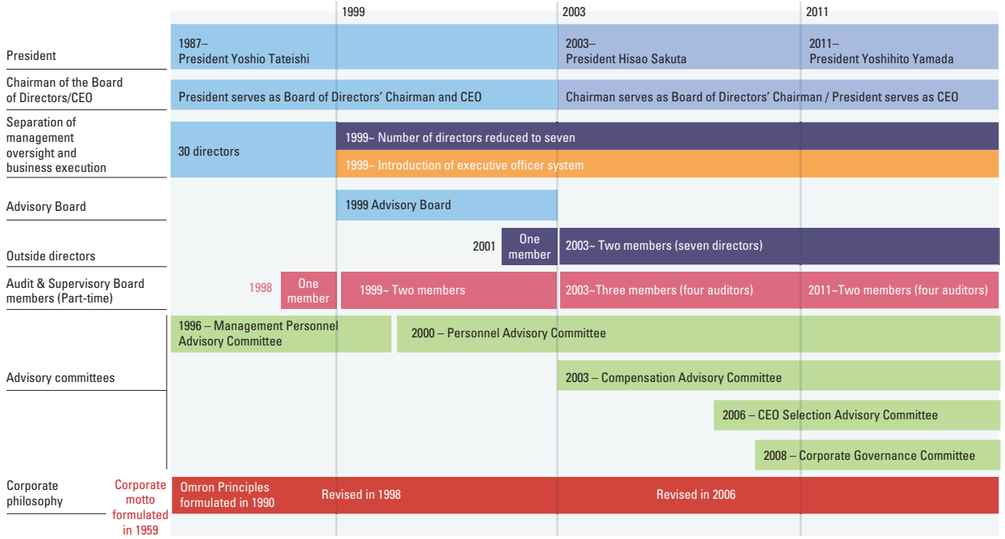
Appointment of Outside Executives

To allow the Board of Directors to monitor business execution as a representative of the Company's stakeholders, two of the seven directors are outside directors and two of the four audit & supervisory board members are outside members.

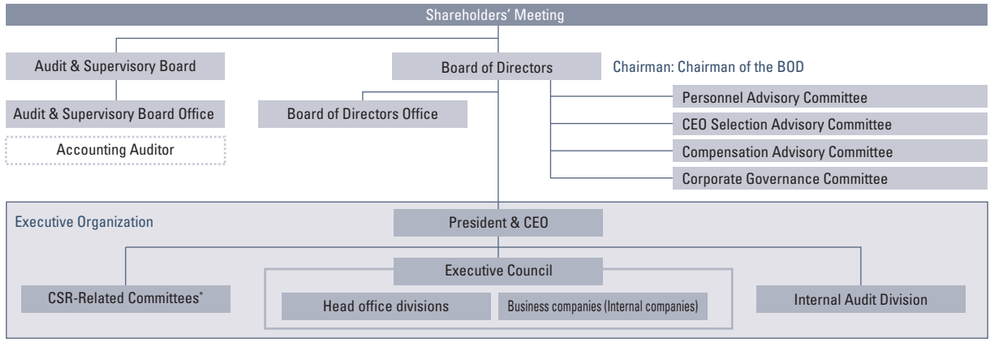
Emphasizing the independence of outside executives, Omron has formulated its own original Outside Executive Eligibility Criteria in addition to the requirements under Japan's Corporate Law.

Also, the Corporate Governance Committee takes steps to confirm the Outside Executive Eligibility Criteria do not pose any problem with respect to determination criteria concerning independence formulated by the appropriate securities exchange. After obtaining a resolution of the Board of Directors, notifications are submitted with the appropriate securities exchange for all outside executives as independent officers.

Corporate Governance Initiatives



Corporate Governance Structure



* This includes: Corporate Ethics & Risk Management Committee, Information Disclosure Executive Committee, Group Environment Activity Committee, etc.

Board of Directors (BOD)
The BOD oversees business activities and decides important business matters, such as management objectives and strategies.

Audit & Supervisory Board
This board oversees the corporate governance system and its implementation and audits the day-to-day operations of directors and other executives.

Personnel Advisory Committee
This committee, chaired by an outside director, sets election standards for directors and executive officers, selects candidates, and evaluates current executives.

CEO Selection Advisory Committee
This committee, chaired by an outside director, is dedicated to the nomination of presidents and deliberates on the selection of the new president for the upcoming term and on preparing contingency succession plans.

Compensation Advisory Committee
This committee, chaired by an outside director, determines the compensation structure for directors and executive officers, sets evaluation standards, and evaluates current executives.

Corporate Governance Committee
This committee, chaired by an outside director, discusses measures to continuously enhance corporate governance and increase fairness and transparency in management.

Executive Council
This council determines and reviews important business operation matters that are within the scope of authority of the president.

Director and Audit & Supervisory Board Member Remuneration

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

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

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

Fiscal 2012 Director and Audit & Supervisory Board Member Remuneration

(Millions of yen)

Classification	Number of People	Basic Compensation	Bonus	Total Remuneration
Directors (Outside Directors)	7 (2)	360 (21)	144 (–)	504 (21)
Audit & Supervisory Board Members (Part-time)	4 (2)	82 (17)	– (–)	82 (17)
Total (Total for Outside Directors and Audit & Supervisory Board members)	11 (4)	442 (38)	144 (–)	586 (38)

* Director compensation consists of basic compensation (monthly salary), bonus, and stock-based compensation*1.
* Outside director compensation consists of basic compensation (monthly salary).
* Audit & supervisory board member compensation consists of basic compensation (monthly salary).

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

Appointments of Directors and Audit & Supervisory Board Members

Position	Name	Personnel Advisory Committee	CEO Selection Advisory Committee	Compensation Advisory Committee	Corporate Governance Committee
Chairman of the BOD	Fumio Tateishi		○		
Representative Director and President and CEO	Yoshihito Yamada				
Representative Director and Executive Vice President	Yoshinobu Morishita			○	
Senior Managing Director	Akio Sakumiya	○	○	○	
Senior Managing Director	Yoshinori Suzuki	○			
Outside Director	Kazuhiko Toyama*	◎	◎	○	◎
Outside Director	Eizo Kobayashi*	○	○	◎	○
Audit & Supervisory Board Member (Full-time)	Masayuki Tsuda				
Audit & Supervisory Board Member (Full-time)	Tokio Kawashima				
Audit & Supervisory Board Member (Part-time)	Eisuke Nagatomo*				○
Audit & Supervisory Board Member (Part-time)	Yoshifumi Matsumoto*				○

◎ Indicates Chairperson
* Independent Officer

Internal Controls

Maintaining and Operating an Internal Control System to Ensure Healthy and Effective Organizational Operations

Omron has established the Basic Policy on the Maintenance of an Internal Control System to ensure the healthy and effective operation of its organization. This policy provides the basis for the maintenance and operation of an internal control system throughout the Omron Group to ensure the controls are functioning effectively in each of the four objective areas of financial report accuracy, legal compliance, operating efficiency, and asset safeguarding.

Omron maintains a monitoring system undertaken by the Internal Audit Division after each division and subsidiary conducts its own review of the maintenance and operation of business processes in accordance with the Internal Control Reporting System (J-SOX) requirements of Japan's Financial Instruments and Exchange Act, promulgated in June 2006. The reviews enable each division and subsidiary to deepen their understanding of the internal controls associated with financial reporting and thereby serve as a system for promoting self-governing controls.

Two Types of Internal Audits to Ensure Healthy and Effective Organizational Operations

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

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

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

Compliance and Risk Management

Strengthening Global Response Systems

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

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

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

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

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

Risk Management

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

• Business continuity risks

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

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

• Risk of violation of laws in countries of operation

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

• Information leakage risk (information security)

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

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

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

• Risks associated with transferring employees across borders

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

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

• Purchasing and procurement risks

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

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

• Environmental management risks

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

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

Whistle-Blower Hotline

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

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

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

In fiscal 2013, we will install a whistle-blower hotline in the remaining Great China area. Further, in Japan and overseas, we will continue to promote employee awareness as to the hotlines' existence and analyze case studies to help enhance the skills of advisors. In these ways, Omron will improve its response to whistle-blowing.

Directors, Audit & Supervisory Board Members, and Executive Officers

As of June 21, 2013

Back row, from left:
- **Masayuki Tsuda** — Audit & Supervisory Board Member (Full-time)
- **Eisuke Nagatomo** — Audit & Supervisory Board Member (Independent)
- **Kazuhiko Toyama** — Outside Director
- **Eizo Kobayashi** — Outside Director
- **Yoshifumi Matsumoto** — Audit & Supervisory Board Member (Independent)
- **Tokio Kawashima** — Audit & Supervisory Board Member (Full-time)

Front row, from left:
- **Akio Sakumiya** — Senior Managing Director
- **Fumio Tateishi** — Chairman
- **Yoshihito Yamada** — President and CEO
- **Yoshinobu Morishita** — Executive Vice President
- **Yoshinori Suzuki** — Senior Managing Director and CFO

Directors

Chairman
Fumio Tateishi

Aug. 1975	Joined Omron
June 1997	Director
June 1999	Retired as Director, Managing Executive Officer
June 2001	Senior General Manager of Corporate Strategy Planning HQ
June 2003	Executive Officer and Executive Vice President, and President of Industrial Automation Company
June 2008	Executive Vice Chairman
June 2013	Chairman of the Board (to present)

President and CEO
Yoshihito Yamada

April 1984	Joined Omron
June 2008	Executive Officer and President and CEO of OMRON HEALTHCARE Co., Ltd.
March 2010	Senior General Manager of Corporate Strategy Planning HQ
June 2010	Managing Executive Officer
June 2011	President and CEO (to present)

Executive Vice President
Yoshinobu Morishita

April 1972	Joined Omron
June 2003	Executive Officer and General Manager of Sensing Device Department, Industrial Automation Company
June 2006	Managing Executive Officer
March 2008	President of Industrial Automation Company
June 2008	Senior Managing Executive Officer
June 2011	Executive Vice President
June 2012	Representative Director and Executive Vice President (to present)
July 2012	President of Industrial Automation Company (to present)

Directors

Senior Managing Director
Akio Sakumiya

April 1975	Joined Omron
June 2003	Executive Officer and President and CEO of OMRON Ichinomiya Co., Ltd. (now OMRON Amusement Co., Ltd.)
March 2009	President of Electronic and Mechanical Components Company
June 2010	Managing Executive Officer
June 2011	Senior Managing Director (to present)

Senior Managing Director and CFO
Yoshinori Suzuki

April 1975	Joined Omron
June 2003	Executive Officer and Senior General Manager of Corporate Strategy Planning HQ
June 2006	Managing Executive Officer
March 2007	President of Automotive Electronic Components Company
May 2010	President and CEO of OMRON Automotive Electronics Co., Ltd.
April 2013	Senior Managing Executive Officer and CFO
June 2013	Senior Managing Director and CFO (to present)

Outside Director
Kazuhiko Toyama

April 1985	Joined Boston Consulting Group, Inc.
April 1986	Established Corporate Direction Co., Ltd.
March 1993	Director
April 2000	Managing Director
April 2001	President and CEO
April 2003	Senior President and COO of Industrial Revitalization Corporation of Japan (IRCJ)
April 2007	President and CEO of Industrial Growth Platform, Inc. (to present)
June 2007	Director of Omron (to present)

Outside Director
Eizo Kobayashi

April 1972	Joined ITOCHU Corporation
June 2000	Executive Officer
April 2002	Managing Executive Officer
June 2003	Representative Director and Managing Director
April 2004	Representative Director and Senior Managing Director
June 2004	President and CEO
April 2010	Chairman and Representative Director
June 2011	Chairman (to present)
June 2013	Director of Omron (to present)

Audit & Supervisory Board Members

Audit & Supervisory Board Member (Full-time)
Masayuki Tsuda

April 1977	Joined Omron
June 2008	Executive Officer
September 2008	Chairman and President of OMRON ELECTRONIC COMPONENTS (SHENZHEN) LTD.
March 2013	Senior General Manager of Global Internal Auditing HQ
June 2013	Assumed the position of Audit & Supervisory Board Member (Full-time) of Omron (to present)

Audit & Supervisory Board Member (Full-time)
Tokio Kawashima

April 1982	Joined Mitsubishi Bank Ltd. (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
September 2008	Regional Head for Germany and General Manager, Dusseldorf
April 2011	Retired from The Bank of Tokyo-Mitsubishi UFJ, Ltd.
April 2011	Joined Omron
June 2011	Assumed the position of Audit & Supervisory Board Member (Full-time) of Omron

Audit & Supervisory Board Member (Independent)
Eisuke Nagatomo

April 1971	Joined Tokyo Stock Exchange
November 2001	Executive
June 2003	Managing Director
June 2007	Advisor
October 2007	Representative Director of EN Associates Co., Ltd. (to present)
June 2008	Assumed the position of Audit & Supervisory Board Member (Independent) of Omron

Audit & Supervisory Board Member (Independent)
Yoshifumi Matsumoto

April 1989	Registered as attorney with Osaka Bar Association; Joined Miyake Law Office (now Miyake & Partners)
January 1996	Partner (to present)
June 1997	Registered as patent attorney with Japan Patent Attorneys Association
June 2013	Assumed the position of Audit & Supervisory Board Member (Independent) of Omron (to present)

Honorary Chairman

Honorary Chairman
Yoshio Tateishi

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

Managing Officers

Masaki Arao
Senior General Manager,
Technology & Intellectual Property HQ

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

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

Koichi Tada
Company President,
Electronic and Mechanical Components Company

Yutaka Miyanaga
Senior General Manager,
Global Strategy HQ

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

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

Executive Officers

Shigeki Fujimoto
Business Development Executive

Taiji Sogo
Senior General Manager,
Global Internal Auditing HQ

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

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

Kiyoshi Yoshikawa
Senior General Manager,
Global Manufacturing Innovation HQ

Shizuto Yukumoto
Senior General Manager,
Environmental Solutions Business HQ

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

Satoshi Ando
Senior General Manager,
Investor Relations HQ

Yoshihiro Taniguchi
President and CEO,
OMRON SWITCH & DEVICES Corporation

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

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

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

Takayoshi Oue
Senior General Manager,
Global Finance and Accounting HQ

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

Masanori Takahashi
President and CEO,
OMRON RELAY & DEVICES Corporation

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Financial Highlights

Omron Corporation and Subsidiaries
Years ended March 31, 2013, 2012 and 2011

	Millions of yen (except per share data)			Thousands of U.S. dollars (Note 2) (except per share data)
	FY2010	FY2011	**FY2012**	**FY2012**
For the year:				
Net sales	¥617,825	¥619,461	**¥650,461**	**$6,919,798**
Income from continuing operations before income taxes and equity in loss (earnings) of affiliates	41,693	33,547	**41,237**	**438,691**
Net income	27,016	16,352	**30,117**	**320,394**
Net income attributable to shareholders	26,782	16,389	**30,203**	**321,309**
Per share data (yen and U.S. dollars):				
Net income attributable to shareholders				
Basic	¥ 121.66	¥ 74.46	**¥ 137.20**	**$ 1.46**
Diluted	121.66	74.46	**137.20**	**1.46**
Cash dividends (Note 1)	30.0	28.0	**37.0**	**0.39**
Capital expenditures (cash basis)	¥ 21,647	¥ 27,502	**¥ 30,383**	**$ 323,223**
Research and development expenses	41,300	42,089	**43,488**	**462,638**
At year end:				
Total assets	¥562,790	¥537,323	**¥573,637**	**$6,102,521**
Total shareholders' equity	312,753	320,840	**366,962**	**3,903,851**

Notes: 1. Cash dividends per share represent the amounts applicable to the respective year, including dividends to be paid after the end of the year.
2. The U.S. dollar amounts represent translations of Japanese yen at the approximate exchange rate at March 31, 2013, of ¥94 = $1.

Six-Year Summary

Omron Corporation and Subsidiaries
Years ended March 31

	Millions of yen (except per share data)					
	FY2007	FY2008	FY2009	FY2010	FY2011	**FY2012**
Net sales (Notes 3, 4):						
Industrial Automation Business (IAB)	¥339,161	¥271,204	¥203,917	¥271,894	¥270,835	**¥262,983**
Electronic and Mechanical Components Business (EMC)	100,668	76,494	70,717	81,216	83,002	**84,107**
Automotive Electronic Components Business (AEC)	107,521	82,109	75,163	84,259	85,027	**97,643**
Social Systems, Solutions and Service Business (SSB)	76,876	72,336	57,981	63,846	57,200	**68,754**
Healthcare Business (HCB)	71,706	63,592	63,359	60,629	62,446	**71,520**
Other Businesses	56,841	50,989	43,592	49,672	53,535	**59,240**
Elimination and Corporate	10,212	10,466	9,965	6,309	7,416	**6,214**
	762,985	627,190	524,694	617,825	619,461	**650,461**
Costs and expenses:						
Cost of sales	469,643	408,668	340,352	386,123	391,574	**408,954**
Selling, general and administrative expenses	176,569	164,284	133,426	142,365	145,662	**152,676**
Research and development expenses	51,520	48,899	37,842	41,300	42,089	**43,488**
Other expenses, net	1,087	44,472	2,879	6,344	6,589	**4,106**
	698,819	666,323	514,499	576,132	585,914	**609,224**
Income (loss) from continuing operations before income taxes and equity in loss (earnings) of affiliates	64,166	(39,133)	10,195	41,693	33,547	**41,237**
Income taxes	24,272	(10,495)	3,782	14,487	17,826	**14,096**
Equity in loss (earnings) of affiliates	348	811	2,792	190	(631)	**(2,976)**
Income (loss) from continuing operations	39,546	(29,449)	3,621	27,016	16,352	**30,117**
Income from discontinued operations, net of tax (Note 2)	3,054	—	—	—	—	**—**
Net income (loss)	42,600	(29,449)	3,621	27,016	16,352	**30,117**
Net income (loss) attributable to noncontrolling interests	217	(277)	103	234	(37)	**(86)**
Net income (loss) attributable to shareholders	42,383	(29,172)	3,518	26,782	16,389	**30,203**
Per share data (yen):						
Income (loss) from continuing operations						
Basic	¥ 172.5	¥ (132.2)	¥ 16.0	¥ 121.7	¥ 74.5	**¥ 137.2**
Diluted	172.4	—	16.0	121.7	74.5	**137.2**
Net income (loss) attributable to shareholders						
Basic	185.9	(132.2)	16.0	121.7	74.5	**137.2**
Diluted	185.8	—	16.0	121.7	74.5	**137.2**
Cash dividends (Note 1)	42.0	25.0	17.0	30.0	28.0	**37.0**
Capital expenditures (cash basis)	¥ 37,848	¥ 37,477	¥ 20,792	¥ 21,647	¥ 27,502	**¥ 30,383**
Total assets	617,367	538,280	532,254	562,790	537,323	**573,637**
Total shareholders' equity	368,502	298,411	306,327	312,753	320,840	**366,962**
Value indicators:						
Gross profit margin (%)	38.4	34.8	35.1	37.5	36.8	**37.1**
Income (loss) before tax / Net sales (%)	8.4	(6.2)	1.9	6.7	5.4	**6.3**
Return on sales (%)	5.6	(4.7)	0.7	4.3	2.6	**4.6**
Return on assets (%)	10.3	(6.8)	1.9	7.6	6.1	**7.4**
Return on equity (%)	11.3	(8.7)	1.2	8.7	5.2	**8.8**
Inventory turnover (times)	5.0	4.5	4.2	4.7	4.4	**4.5**
Price-earnings ratio (times)	11.0	—	135.8	19.2	23.9	**16.9**
Assets turnover (times)	1.2	1.1	1.0	1.1	1.1	**1.2**
Debt / Shareholders' equity ratio (times)	0.68	0.80	0.73	0.80	0.67	**0.56**
Interest coverage ratio (times)	44.34	6.01	22.15	101.96	153.01	**153.01**

Notes 1. Cash dividends per share represent the amounts applicable to the respective year, including dividends to be paid after the end of the year.
2. In accordance with Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) No. 250, "Presentation of Financial Statements," the figures of the consolidated statements of operations related to the discontinued operations have been separately reported from the ongoing operating results.
3. Starting with fiscal 2010, the PV inverter business in the "Industrial Automation Business" was transferred to "Other." The figures of the segment information for the prior years have been restated to conform with the current year presentation.
4. From fiscal 2009, the Companies adopted the ASC No. 280, "Segment Reporting. The figures of the segment information for the prior years have been restated to conform with the current year presentation.

Fiscal 2012 Management's Discussion and Analysis

Note: The business divisions are presented using their abbreviated names: Industrial Automation Business (IAB), Electronic and Mechanical Components Business (EMC), Automotive Electronic Components Business (AEC), Social Systems, Solutions and Service Business (SSB), and Healthcare Business (HCB).

Market Environment

1. Macroeconomic Environment

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

Overseas, the financial crisis in Europe persisted and economic growth decelerated in China, resulting in an operating environment that was opaque on the whole. However, signs of economic recovery were seen in ASEAN countries and there was a clear recovery trend centered on the United States that began in the fourth quarter.

As a result of these factors, Japan's real GDP grew 1.2% over the full fiscal year and 2.0% for the calendar year.

Growth Rates of Real GDP for Each Country / Region (Calendar-Year Basis)

	Japan		U.S.	EU	China	India	Brazil	Total
2011	–0.7	0.2*	1.8	1.4	9.3	7.7	2.7	4.0
2012	2.0	1.2*	2.2	–0.6	7.8	7.8	0.9	3.2
2013 Estimates	1.6		1.9	–0.3	8.0	8.0	3.0	3.3

Source: IMF, "World Economic Outlook," April 2013
Note: Fiscal-year basis for figures marked with an asterisk (*)

Japanese Macroeconomic Environment

Growth Rate of Real Private Capital Investment

Note: Seasonally adjusted
Source: Cabinet Office, Government of Japan

Growth Rate of Machinery Orders (Manufacture)

Note: Seasonally adjusted
Source: Cabinet Office, Government of Japan

2. The Omron Group Market Environment

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

Further, we were freed from the heavy impacts of the strong yen, which placed pressure on earnings throughout fiscal 2011, as the yen began to depreciate in the third quarter. Similarly, the prices of raw materials, which had also placed pressure on earnings previously, remained low throughout the first half of the year, but then rose once again during the second half of the year in conjunction with the depreciation of the yen. The average exchange rates for fiscal 2012 were ¥83.2 to the U.S. dollar, down ¥3.9 from the previous fiscal year, and ¥107.6 to the euro, a ¥2.7 year-on-year rise. In raw material prices, the average price per kilogram of silver was ¥83,042, down ¥9,337 year on year, and copper was ¥686 per kilogram, down ¥52.

Index of Electronic Parts and Devices

(Seasonally adjusted indices, 2005 average =100)

Source: Ministry of Economy, Trade and Industry

Silver and Copper Prices

Exchange Rates

Financial Section

Overview of Consolidated Results and Financial Condition

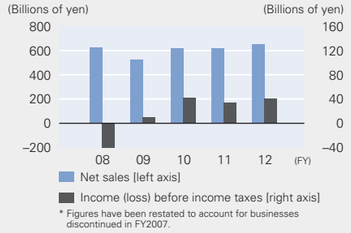
Note: Segment operating income is prepared using the single-step method (which does not show individual income levels) based on U.S. GAAP. For an easier comparison with other companies, operating income represents gross profit minus selling, general and administrative (SG&A) expenses and research and development (R&D) expenses.

In this market environment, the Omron Group's consolidated net sales for fiscal 2012 rose 5.0% year on year, to ¥650.5 billion. This increase was due to strong sales in the Automotive Electronic Components Business (AEC), the Social Systems, Solutions and Service Business (SSB), and the Healthcare Business (HCB). Due to higher sales as well as the benefits of improved efficiency with regard to fixed costs and reduced variable expenses in all segments, operating income was up 13.0%, to ¥45.3 billion; income before income taxes rose 22.9%, to ¥41.2 billion; and net income attributable to shareholders soared 84.3%, to ¥30.2 billion. In this manner, all income figures showed substantial increases.

Total assets rose 6.8% from the end of the previous fiscal year, to ¥573.6 billion, largely due to increased notes and accounts receivable—trade and cash and cash equivalents. Total shareholders' equity was up 14.4%, to ¥367.0 billion, as a result of foreign currency translation adjustments and treasury stock cancelation. This led to a rise in the shareholders' equity ratio, to 64.0%, from 59.7% at the end of the previous fiscal year.

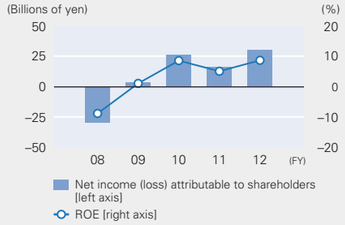
Return on equity (ROE) stood at 8.8%, and return on invested capital (ROIC) was 8.6%, both percentages up from 5.2% and 6.9%, respectively, in the previous fiscal year.

Net Sales and Income (Loss) before Income Taxes

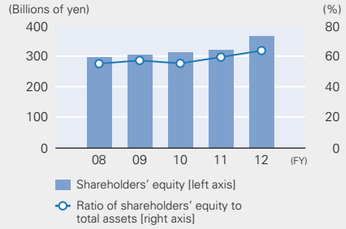


* Figures have been restated to account for businesses discontinued in FY2007.

Net Income (Loss) Attributable to Shareholders and ROE



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



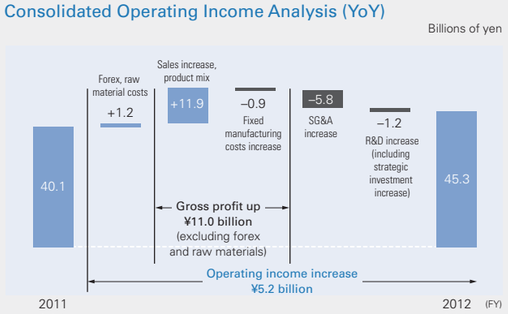
Review and Analysis of the Statements of Income

Net Sales

In fiscal 2012, the Group implemented measures targeting the reinforcement of the Industrial Automation (IA) business, sales expansion in emerging markets centered on Asia, and the expansion of sales in the environmental solutions business through the development of a strong business model. These measures proved to be successful, and net sales were up ¥31.0 billion year on year, or 5.0%, to ¥650.5 billion, as a result.

By region, sales in Europe declined 3.7% year on year, primarily as a result of the persisting financial crisis. Regardless, sales were up 6.8% in Japan, 7.5% in the Americas, 5.2% in the Greater China region, and 4.7% in the Asia Pacific region. Performance in the Greater China region continued to lead other overseas segments in terms of both net sales and operating income.

Consolidated Operating Income Analysis (YoY)



Cost of Sales and SG&A Expenses

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

SG&A expenses increased ¥7.0 billion, or 4.8%, from the previous fiscal year, but the SG&A-to-sales ratio declined 0.1 percentage point, to 23.4%. At the same time, R&D expenses were up ¥1.4 billion, or 3.3%, but the R&D-to-sales ratio was relatively unchanged from the previous fiscal year's 6.8%, at 6.7%.

Other Expenses

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

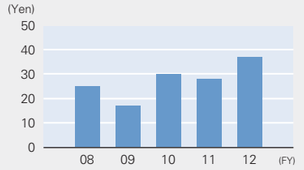
Income before Income Taxes, Net Income Attributable to Shareholders, and Profit Distribution

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

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

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

Dividends per Share



Costs, Expenses, and Income as Percentages of Net Sales

	FY2009	FY2010	FY2011	**FY2012**
Net sales	100.0%	100.0%	100.0%	**100.0%**
Cost of sales	64.9	62.5	63.2	**62.9**
Gross profit	35.1	37.5	36.8	**37.1**
Selling, general and administrative expenses	25.4	23.0	23.5	**23.4**
Research and development expenses	7.2	6.7	6.8	**6.7**
Other expenses, net	0.6	1.1	1.1	**0.7**
Income before income taxes and equity in loss (earnings) of affiliates	1.9	6.7	5.4	**6.3**
Income taxes	0.7	2.3	2.9	**2.2**
Net income	0.7	4.3	2.6	**4.6**

Segment Information

Note: Segment operating income is prepared using the single-step method (which does not show individual income levels) based on U.S. GAAP. For easier comparison with other companies, operating income represents gross profit minus SG&A expenses and R&D expenses.

Note: In segment information, sales represent sales to external customers and exclude intersegment transactions. Conversely, operating income includes income from intersegment transactions before deductions of headquarters expenses and other non-apportionable amounts.

1. Review of Operations by Business Segment

Industrial Automation Business (IAB)

IAB net sales decreased 2.9% year on year, to ¥263.0 billion. Operating income dropped 11.6%, to ¥29.5 billion, as a result of the lower sales, which offset the benefits of efforts to improve efficiency with regard to fixed costs. In Japan, sales were lower than seen in the previous fiscal year, when we recorded temporary sales increases following the Great East Japan Earthquake and floods in Thailand. Further, capital investment demand in the automobile industry was unchanged from the previous fiscal year, while demand was sluggish in the electronic component industry and particularly low in the semiconductor industry. Overseas, demand in the automobile industry of the Americas was solid as was overall demand in China and ASEAN countries. Regardless, the impacts of the economic recession in Europe and limited capital investment in South Korea's semiconductor industry were heavy.

Electronic and Mechanical Components Business (EMC)

EMC net sales increased 1.3% year on year, to ¥84.1 billion. However, operating income declined 13.8%, to ¥6.2 billion, due to the impacts of the euro depreciation that continued throughout the fiscal year and a decrease in internal sales. In Japan, during the first half of the year under review, demand in the automobile industry recovered from the slump seen following the Great East Japan Earthquake. In the second half of the year, we saw recovery of demand in the infrastructure, office equipment, and mobile device industries. Overseas, the impacts of the recession in Europe persisted, but these impacts were offset by brisk demand for automobile-related products in the Americas and environment-related products in China.

Automotive Electronic Components Business (AEC)

AEC net sales increased 14.8% year on year, to ¥97.6 billion. Operating income grew 86.1%, to ¥5.0 billion, as a result of the rise in sales as well as the rebound from the previous fiscal year's period of temporary production adjustment. In Japan, demand for the Company's products was strong throughout the entire fiscal year. The number of new automobiles sold in Japan rose for the first time in two years. This was because demand benefited from government measures to promote eco-friendly automobiles during the first half of the year and the popularity of small vehicles in the second half of the year. Overseas, sales suffered from the impacts of the economic recession in Europe and the sudden drop in sales of Japanese automobiles in China. However, sales in emerging countries and other regions were for the most part favorable.

Social Systems, Solutions and Service Business (SSB)

SSB net sales increased 20.2% year on year, to ¥68.8 billion.

Higher sales and profit structure reforms centered on the railway infrastructure business resulted in a 2,874.5% increase in operating income, to ¥2.9 billion. In the railway infrastructure business, replacement demand for railway infrastructure equipment recovered from the slump that followed the Great East Japan Earthquake, and performance of safety and security solutions centered on remote monitoring systems was particularly strong. Further, sales were brisk for the traffic control and road control systems business's safety and security solutions; the environmental solutions business's solar power system services, electricity storage systems, and monitoring and control systems; and the related maintenance business's solar power-related products. In this manner, all major business areas saw favorable sales.

Healthcare Business (HCB)

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

Other Businesses

The Other segment's net sales increased 10.7% year on year, to ¥59.2 billion. Further, operating income of ¥2.5 billion was recorded, compared with an operating loss of ¥3.6 billion in the previous fiscal year. This improvement can be attributed to higher sales in the Environmental Solutions Business as well as to the benefits of profit structure reforms instituted in all businesses. In July 2012, a feed-in tariff scheme for renewable energy was launched in Japan, sparking interest for renewable energy throughout the country and contributing to significant increases in sales of mainstay PV inverters in the Environmental Solutions Business. In the Micro Devices Business, demand for microphones and custom integrated circuits for industrial use was up, driving strong performance. Likewise, performance was also impressive in the Backlight Business due to increased demand from the smartphone market. However, the Electronic Systems & Equipments Business suffered from sluggish performance due to reduced demand from major customers for industrial-use computers, contract development and manufacturing services for electronic devices, and other offerings. This offset the solid demand for uninterruptible power supply units that resulted from electricity shortages in Japan.

Growth in Net Sales by Business Segment

	FY2010	FY2011	FY2012
IAB	33.3%	(0.4)%	**(2.9)%**
EMC	14.8	2.2	**1.3**
AEC	12.1	0.9	**14.8**
SSB	10.1	(10.4)	**20.2**
HCB	(4.3)	3.0	**14.5**
Other	13.9	7.8	**10.7**

Composition of Net Sales by Business Segment

	FY2010	FY2011	FY2012
IAB	44.0%	43.7%	**40.4%**
EMC	13.2	13.4	**12.9**
AEC	13.6	13.7	**15.0**
SSB	10.3	9.2	**10.6**
HCB	9.8	10.1	**11.0**
Other	8.0	8.6	**9.1**

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

2. Review of Operations by Region

Japan

In Japan, capital investment demand for electronic components was sluggish and particularly poor for semiconductors. However, demand recovery was seen in a wide range of other fields, including those for automotive products and medical equipment. Also, the change in the mindset of the populous of Japan following the Great East Japan Earthquake drove sales of products related to safety and security and to the environment to impressive levels. As a result, sales in EMC, AEC, SSB, HCB, and the Other segment all showed year-on-year increases. Accordingly, net sales (including direct exports) in Japan rose 6.8% year on year, to ¥328.5 billion, and operating income was up 45.2%, to ¥31.5 billion.

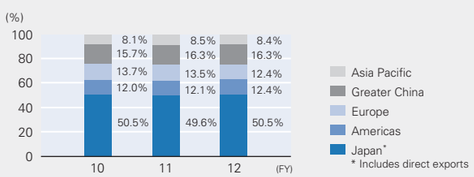
Americas

In the Americas, there were signs of improvement in employment conditions and the housing market, resulting in a gradual recovery in the economy. In particular, conditions in the automotive markets were brisk, supporting sales in IAB and EMC. As a result, net sales in the Americas rose 7.5% year on year, to ¥80.4 billion. However, operating income was down 62.4%, to ¥1.1 billion, due to the worsening of product mixes.

Europe

In Europe, while the economy showed signs of bottoming out, certain countries continued to suffer from the impacts of the sovereign debt crisis, and overall economic conditions remained poor. During the second half of fiscal 2012, amid the depreciation of the yen, we undertook new business ventures, such as an alliance in HCB related to the sale of electric toothbrushes. Regardless though, earnings in IAB and EMC were low. As a result, net sales in Europe declined 3.7% year on year, to ¥80.5 billion, and operating income decreased 24.0%, to ¥2.3 billion.

Sales Breakdown by Region



Greater China

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

Asia Pacific

In the Asia Pacific region, the impacts of limited semiconductor-related capital investment in South Korea weighted heavy, but demand related to reconstruction from the Thailand floods was generally strong, as was demand in other areas. There has also been a recent rise in demand for healthcare devices in conjunction with the establishment of a middle-income group. As a result, net sales in the Asia Pacific region increased 4.7% year on year, to ¥54.8 billion. Operating income, however, contracted 15.5%, to ¥4.0 billion, due to the worsening of product mixes.

Financial Condition

Assets

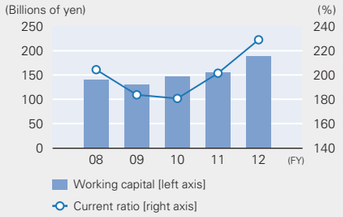
Total assets amounted to ¥573.6 billion at the end of fiscal 2012, representing an increase of ¥36.3 billion, or 6.8%, compared with the previous fiscal year-end. This rise was largely due to increases in notes and accounts receivable—trade and cash and cash equivalents accompanying higher sales and income.

Liabilities and Shareholders' Equity

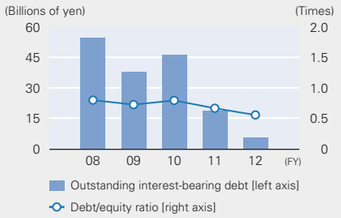
Total liabilities amounted to ¥204.9 billion, down ¥10.8 billion from the previous fiscal year-end. This decline was largely due to lower short-term debt and termination and retirement benefits.

Total shareholders' equity was up ¥46.1 billion, to ¥367.0 billion, as a result of foreign currency translation adjustments stemming from yen depreciation and treasury stock cancellation. This caused the shareholders' equity ratio to rise 4.3 percentage points, to 64.0%, compared with 59.7% at the end of the previous fiscal year. The debt/equity ratio was 0.56 times, showing improvement from the previous year's 0.67 times. Shareholders' equity per share was ¥1,667.40 at the end of the fiscal year, compared with ¥1,457.51 per share at the end of the previous fiscal 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 stood at ¥55.7 billion, a ¥10.5 billion increase from the end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥53.1 billion, up ¥21.1 billion from the previous fiscal year. Major factors included an increase in net income before the deduction of noncontrolling interests and a decrease in inventories.

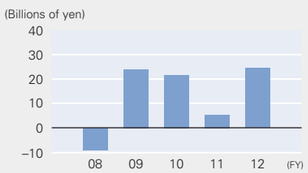
Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥28.5 billion, up ¥2.0 billion from the previous fiscal year. This increase was the result of higher investments in such areas as production facilities.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥18.6 billion, down ¥14.9 billion from the previous fiscal year. Major outflows included those to repay debt and issue dividend payments.

Free Cash Flow



Financial Section

Business and Other Risks

Regarding a number of items described in the status of business and the status of accounting of this report, some items may pose risks and influence the Omron Group's management results and financial condition (including share price), and Omron believes these items may substantially affect investor decisions. Note that items referring to the future reflect the Omron Group's forecasts and assumptions as of June 21, 2013, the release date of its *Yukashoukenhoukokusho* (*Annual Securities Report* filed under the Financial Instruments and Exchange Act of Japan).

(1) Economic Conditions

The Omron Group conducts business worldwide, and its operations are affected by fluctuations in the economy and social conditions in Japan and overseas. Therefore, recessions occurring in the Omron Group's markets both within Japan and overseas may have an adverse affect on the Group's results and financial condition. Furthermore, we assume that the ratio of overseas business will continue to increase as the Group actively expands globally. The Group maintains a solid structure resistant to changes in the external environment by, for example, coping with foreign exchange risk by expanding overseas production and increasing local procurement to improve the balance of foreign currency denominated income and expenditures. We also hedge foreign exchange risk through short-term forward contracts executed with financial institutions. Nonetheless, rapid fluctuations in the exchange rates of currencies, such as the U.S. dollar and the euro, as well as a protracted period of yen strength, could have an adverse impact on the Group's operating results and financial condition.

(2) Legal and Regulatory Risks

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

(3) Natural Disasters

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

(4) International Relations

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

(5) Human Resources

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

(6) Management of Funds

The Omron Group raises funds by issuing commercial paper and other means. Therefore, financial market instability, rising interest rates in Japan, or a rating agency downgrade could result in restrictions on fund-raising and an increase in financing costs, which could affect the Group's operating results and financial condition. In order to maintain flexibility in capital expenditures and M&A at the global level, as well as to improve capital efficiency, the Group pays close attention to the level of cash reserves and the deployment of funds. Cash reserves are held as working capital or as a source of funds for business investment and are not employed for investment purposes.

(7) Information Security

The Omron Group possesses operationally important information and obtains confidential personal information and information on its business partners in the course of business. The Omron Group is taking steps to reinforce control over the information the Group handles and further improve employee information literacy with the goal of preventing misappropriation of that information by third parties due to theft or loss. Nonetheless, leaks of such information due to unforeseen circumstances could have an impact on the Group's operating results and financial condition.

Moreover, although the Group is strengthening technological measures in preparation for cyber-attacks against its information systems, as well as damage, alteration, or leaks of important data, information system stoppages or similar incidents caused by cyber-attacks surpassing the assumed system security level could have an impact on the Group's operating results and financial condition.

(8) Risks Associated with Patent Rights and Other Intellectual Property Rights

The Omron Group's R&D and design consists of researching technologies developed by other companies as well as those in the public domain. The Group's business and product lines encompass an extremely large number of intellectual property rights, with new intellectual property rights declared on a daily basis. A third party could therefore present a claim regarding a specific Group product or component, negatively impacting the Group's operating results and financial condition. The exercise of our rights as a means to resolve issues related to Group intellectual property could result in disputes with third parties, in the form of measures to oppose by the counterparty. The Omron Group takes appropriate measures to recognize and compensate employees for inventions, such as through the Employee Invention Compensation Program and the Invention Commendation Program. Disputes regarding the value of an invention can arise among inventors, including inventors who have retired from the Group.

The Omron Group has always focused on brand management and, in recent years, has initiated prompt and appropriate countermeasures against the use of domain names similar to "Omron" that have appeared overseas. Nonetheless, it is difficult to comprehend fully and take action against all aspects of improper domain name registration, so the danger exists that the fraudulent use of the "Omron" brand or similar domain name could damage trust in the Group.

(9) Production

The Omron Group has manufacturing bases outside Japan, including in China as well as in other Asian countries, and supplies products to customers worldwide through its international sales offices. To ensure continued manufacturing stability, the Group has established and is executing the measures called for under its BCP, which covers the entire supply chain from production through logistics, including IT. Nonetheless, disaster, disease, labor disputes, deterioration of public order, terrorism, and international relations issues can cause a partial or full cessation of production, which could have an impact on the Group's operating results and financial condition if supplies to customers are disrupted.

(10) Purchasing and Procurement

Obtaining raw materials and parts of sufficient quality in a timely manner and in necessary quantities is absolutely essential to the Group's manufacturing. Therefore, we stringently select suppliers for reliability. Nonetheless, limits on supply or other supply issues could arise in cases such as significant supply chain disruption due to an accident or a natural disaster, the imposition of supply limits or cessation due to management issues at the supplier, or a broad increase in market demand. In such cases, difficulties in changing suppliers, securing additional suppliers, or switching to different parts under such conditions could have an impact on the Group's operating results and financial condition.

While the Group contracts with suppliers to determine prices, the market prices for materials such as petrochemicals, steel, silver, copper, rare earths, and other raw materials are linked to increased demand as well as the influx of capital into emerging countries. The resulting price fluctuations can affect manufacturing costs and could have an impact on the Group's operating results and financial condition.

(11) Quality Assurance

The Omron Group seeks to maximize customer satisfaction by providing the best quality products and services based on its "quality first" principle. Regarding quality, the Group develops and manufactures products in accordance with its ISO-certified quality control system. A Groupwide quality check system is in place for the ongoing improvement of the quality of the Group's entire line of products and services.

While Omron takes every precaution against the occurrence of defects, it has become difficult to guarantee that defects will not occur (including defects that arise due to the changing environments in which the products are used) or that recalls will not occur. Changing conditions in Japan have necessitated greater attention to consumer protection. Product quality is also increasingly a major issue overseas. For these reasons, product defects that require large-scale product recalls or that carry damage beyond the scope of the Group's liability insurance could seriously damage trust in the Company and the Omron brand, possibly leading to declining sales that could have a negative impact on the Group's financial condition. The Group also strives to provide Environmental Assurance Products that do not include banned substances designated in the Restriction of Hazardous Substances (RoHS) Directive adopted by the European Union in July 2006. The Group is investigating the status of regulated chemical substances in components and materials and strives to use components and materials that do not contain banned substances. Since 2009, the Group has adhered to the European Union's Registration, Evaluation and Authorisation Chemicals (REACH) Regulation concerning the identification of contained substances. Despite the Group's efforts, frequent modifications of the regulations on controlled substances that complicate supervisory efforts could result in infractions, such as failure to comply with modified regulations.

(12) Environmental Conservation

The Group must comply with a wide variety of environmental laws and regulations, including those related to climate change, air and water pollution, hazardous substances, waste, product recycling, and the contamination of soil and groundwater. These laws and regulations apply not only to the Omron Group's current business, but may also be retroactively applied to past business activities or the past activities of businesses transferred from other companies through acquisition or some other means. It is possible that compliance with future environmental laws and regulations or efforts to improve the environmental soundness of operations could result in a rise in expenses related to the environment, which in turn could have an impact on the Group's operating results and financial condition.

Consolidated Balance Sheets

OMRON Corporation and Subsidiaries
March 31, 2012 and 2013

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

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen FY2011	Millions of yen FY2012	Thousands of U.S. dollars FY2012
Current Liabilities:			
Short-term debt	¥ 18,774	**¥ 5,570**	**$ 59,255**
Notes and accounts payable-trade	79,331	**75,592**	**804,170**
Accrued expenses	29,179	**32,818**	**349,128**
Income taxes payable	623	**3,907**	**41,564**
Other current liabilities	24,989	**27,814**	**295,894**
Total Current Liabilities	152,896	**145,701**	**1,550,011**
Deferred Income Taxes	738	**595**	**6,330**
Termination and Retirement Benefits	60,432	**56,944**	**605,787**
Other Long-Term Liabilities	1,577	**1,634**	**17,382**
Shareholders' Equity:			
Common stock, no par value:			
Authorized: 487,000,000 shares in FY2012 and FY2011			
Issued: 227,121,372 shares and 239,121,372 shares in FY2012 and FY2011, respectively	64,100	**64,100**	**681,915**
Capital surplus	99,078	**99,066**	**1,053,894**
Legal reserve	10,034	**10,876**	**115,702**
Retained earnings	260,557	**253,654**	**2,698,447**
Accumulated other comprehensive income (loss)	(68,433)	**(44,349)**	**(471,798)**
Treasury stock, at cost: 6,992,907 shares and 18,991,739 shares in FY2012 and FY2011, respectively	(44,496)	**(16,385)**	**(174,309)**
Total Shareholders' Equity	320,840	**366,962**	**3,903,851**
Noncontrolling Interests	840	**1,801**	**19,160**
Total Net Assets	321,680	**368,763**	**3,923,011**
Total	¥537,323	**¥573,637**	**$6,102,521**

Consolidated Statements of Income

OMRON Corporation and Subsidiaries
Years ended March 31, 2011, 2012 and 2013

	Millions of yen			Thousands of U.S. dollars
	FY2010	FY2011	**FY2012**	**FY2012**
Net Sales	¥617,825	¥619,461	**¥650,461**	**$6,919,798**
Costs and Expenses:				
Cost of sales	386,123	391,574	**408,954**	**4,350,575**
Selling, general and administrative expenses	142,365	145,662	**152,676**	**1,624,213**
Research and development expenses	41,300	42,089	**43,488**	**462,638**
Other expenses, net	6,344	6,589	**4,106**	**43,681**
Total	576,132	585,914	**609,224**	**6,481,107**
Income before Income Taxes and Equity in Loss (Earnings) of Affiliates	41,693	33,547	**41,237**	**438,691**
Income Taxes	14,487	17,826	**14,096**	**149,957**
Equity in Loss (Earnings) of Affiliates	190	(631)	**(2,976)**	**(31,660)**
Net Income	27,016	16,352	**30,117**	**320,394**
Net Income (Loss) attributable to noncontrolling interests	234	(37)	**(86)**	**(915)**
Net Income attributable to shareholders	¥ 26,782	¥ 16,389	**¥ 30,203**	**$ 321,309**

	Yen			U.S. dollars
	FY2010	FY2011	**FY2012**	**FY2012**
Per Share Data:				
Net Income attributable to shareholders				
Basic	¥121.66	¥74.46	**¥137.20**	**$1.46**
Diluted	121.66	74.46	**137.20**	**1.46**

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

Consolidated Statements of Comprehensive Income (Loss)

OMRON Corporation and Subsidiaries
Years ended March 31, 2011, 2012 and 2013

	Millions of yen			Thousands of U.S. dollars
	FY2010	FY2011	**FY2012**	**FY2012**
Net Income	¥ 27,016	¥16,352	**¥30,117**	**$320,394**
Other Comprehensive Income (Loss), net of tax:				
Foreign currency translation adjustments:				
Foreign currency translation adjustments arising during the year	(10,376)	(1,613)	**22,523**	**239,606**
Reclassification adjustment for the portion realized in net income	(14)	(892)	**(43)**	**(457)**
Net unrealized gain and loss	(10,390)	(2,505)	**22,480**	**239,149**
Pension liability adjustments:				
Pension liability adjustments arising during the year	(1,534)	625	**(21)**	**(223)**
Reclassification adjustment for the portion realized in net income	(649)	(704)	**(894)**	**(9,511)**
Net unrealized gain and loss	(2,183)	(79)	**(915)**	**(9,734)**
Unrealized gains (losses) on available-for-sale securities:				
Unrealized holding gains (losses) arising during the year	(1,566)	460	**2,317**	**24,649**
Reclassification adjustment for losses on impairment realized in net income	466	227	**693**	**7,372**
Reclassification adjustment for net gains on sale realized in net income	(10)	(188)	**(425)**	**(4,521)**
Reclassification adjustment for net gains on share exchange in net income	(4)	(74)	**—**	**—**
Net unrealized gain and loss	(1,114)	425	**2,585**	**27,500**
Net gains (losses) on derivative instruments:				
Unrealized holding gains (losses) arising during the year	893	3	**(455)**	**(4,840)**
Reclassification adjustment for net gains (losses) realized in net income	(841)	(57)	**549**	**5,840**
Net unrealized gain and loss	52	(54)	**94**	**1,000**
Other Comprehensive Income (Loss)	(13,635)	(2,213)	**24,244**	**257,915**
Comprehensive Income	13,381	14,139	**54,361**	**578,309**
Comprehensive Income (Loss) attributable to noncontrolling interests	212	(44)	**74**	**787**
Comprehensive Income attributable to shareholders	¥ 13,169	¥14,183	**¥54,287**	**$577,522**

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

Consolidated Statements of Shareholders' Equity

OMRON Corporation and Subsidiaries
Years ended March 31, 2011, 2012 and 2013

		Millions of yen								
	Number of common shares issued	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, 2010	239,121,372	¥64,100	¥99,081	¥ 9,363	¥230,859	¥(52,614)	¥(44,462)	¥306,327	¥ 808	¥307,135
Net income					26,782			26,782	234	27,016
Cash dividends paid to OMRON Corporation shareholders, ¥30 per share					(6,605)			(6,605)		(6,605)
Cash dividends paid to noncontrolling interests									(0)	(0)
Equity transactions with noncontrolling interests									(121)	(121)
Transfer to legal reserve				211	(211)			—		—
Other comprehensive income (loss)						(13,613)		(13,613)	(22)	(13,635)
Acquisition of treasury stock							(140)	(140)		(140)
Sale of treasury stock			(0)		(1)		3	2		2
Balance, March 31, 2011	239,121,372	64,100	99,081	9,574	250,824	(66,227)	(44,599)	312,753	899	313,652
Net income					16,389			16,389	(37)	16,352
Cash dividends paid to OMRON Corporation shareholders, ¥28 per share					(6,164)			(6,164)		(6,164)
Cash dividends paid to noncontrolling interests									(15)	(15)
Transfer to legal reserve				460	(460)			—		—
Other comprehensive income (loss)						(2,206)		(2,206)	(7)	(2,213)
Acquisition of treasury stock							(10)	(10)		(10)
Sale of treasury stock			(3)		(32)		113	78		78
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			**(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**

	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, 2012	$681,915	$1,054,022	$106,745	$2,771,882	$(728,011)	$(473,362)	$3,413,191	$ 8,937	$3,422,128
Net income				**321,309**			**321,309**	**(915)**	**320,394**
Cash dividends paid to OMRON Corporation shareholders, $0.39 per share				**(86,649)**			**(86,649)**		**(86,649)**
Cash dividends paid to noncontrolling interests								**(21)**	**(21)**
Equity transaction with noncontrolling interests		**(128)**					**(128)**	**9,457**	**9,329**
Transfer to legal reserve			**8,957**	**(8,957)**			**—**		**—**
Other comprehensive income (loss)					**256,213**		**256,213**	**1,702**	**257,915**
Acquisition of treasury stock						**(96)**	**(96)**		**(96)**
Sale of treasury stock				**(0)**		**11**	**11**		**11**
Retirement of treasury stock				**(299,138)**		**299,138**	**—**		**—**
Balance, March 31, 2013	**$681,915**	**$1,053,894**	**$115,702**	**$2,698,447**	**$(471,798)**	**$(174,309)**	**$3,903,851**	**$19,160**	**$3,923,011**

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

Consolidated Statements of Cash Flows

OMRON Corporation and Subsidiaries
Years ended March 31, 2011, 2012 and 2013

	Millions of yen		Thousands of U.S. dollars	
	FY2010	FY2011	**FY2012**	**FY2012**
Operating Activities:				
Net income	¥ 27,016	¥ 16,352	**¥ 30,117**	**$ 320,394**
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	22,984	22,617	**22,452**	**238,851**
Net loss on sale and disposal of property, plant and equipment	606	861	**578**	**6,149**
Loss on impairment of long-lived assets	413	671	**3,265**	**34,734**
Net gain on sale of investment securities	(7)	(307)	**(677)**	**(7,202)**
Loss on impairment of investment securities	805	391	**1,086**	**11,553**
Loss on impairment of goodwill	—	2,009	**153**	**1,628**
Termination and retirement benefits	(4,785)	(5,669)	**(4,433)**	**(47,160)**
Deferred income taxes	5,374	9,981	**3,762**	**40,021**
Equity in loss (earnings) of affiliates	190	(631)	**(2,976)**	**(31,660)**
Changes in assets and liabilities:				
Increase in notes and accounts receivable-trade	(16,227)	(6,838)	**(5,827)**	**(61,989)**
Decrease (increase) in inventories	(12,174)	(6,538)	**8,641**	**91,926**
Decrease (increase) in other assets	1,048	(483)	**21**	**223**
Increase (decrease) in notes and accounts payable-trade	9,301	682	**(5,927)**	**(63,053)**
Increase (decrease) in income taxes payable	(453)	(1,562)	**3,121**	**33,202**
Increase in accrued expenses and other current liabilities	8,383	388	**1,519**	**16,160**
Other, net	(518)	22	**(1,817)**	**(19,330)**
Total adjustments	14,940	15,594	**22,941**	**244,053**
Net cash provided by operating activities	41,956	31,946	**53,058**	**564,447**
Investing Activities:				
Proceeds from sale or maturities of investment securities	109	693	**1,658**	**17,638**
Purchase of investment securities	—	(911)	**(0)**	**(0)**
Capital expenditures	(21,647)	(27,502)	**(30,383)**	**(323,223)**
Decrease (increase) in leasehold deposits, net	276	(101)	**457**	**4,862**
Proceeds from sale of property, plant and equipment	1,066	2,307	**836**	**8,894**
Decrease (increase) in investment in and loans to affiliates	20	(480)	**(1,884)**	**(20,043)**
Sale of business, net of cash acquired	(34)	—	**90**	**957**
Acquisition of business, net of cash acquired	—	(1,012)	**141**	**1,500**
Purchase of noncontrolling interests	—	—	**(10)**	**(106)**
Other, net	—	520	**624**	**6,638**
Net cash used in investing activities	(20,210)	(26,486)	**(28,471)**	**(302,883)**
Financing Activities:				
Net borrowings (repayments) of short-term debt	29,052	(26,744)	**(13,273)**	**(141,202)**
Repayments of long-term debt	(20,000)	—	**—**	**—**
Dividends paid by the Company	(5,285)	(6,604)	**(6,164)**	**(65,574)**
Dividends paid to noncontrolling interests	(0)	(15)	**(2)**	**(21)**
Proceeds from equity transactions with noncontrolling interests	—	—	**819**	**8,713**
Other, net	(434)	(129)	**70**	**745**
Net cash provided by (used in) financing activities	3,333	(33,492)	**(18,550)**	**(197,339)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(2,070)	(1,446)	**4,414**	**46,956**
Net Increase (Decrease) in Cash and Cash Equivalents	23,009	(29,478)	**10,451**	**111,181**
Cash and Cash Equivalents at Beginning of the Year	51,726	74,735	**45,257**	**481,457**
Cash and Cash Equivalents at End of the Year	¥ 74,735	¥ 45,257	**¥ 55,708**	**$ 592,638**

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

Internal Control Section

Management's Report on Internal Control

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

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

Management's Report on Internal Control

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

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

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

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

The assessment of internal control over financial reporting was performed as of March 31, 2013 which is the end of this fiscal year. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

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

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of their financial reporting. The materiality that may affect the reliability of the financial reporting is determined by taking into account the materiality of quantitative and qualitative impacts on financial reporting. In light of the results of assessment of entity-level controls conducted for the Company and its consolidated subsidiaries, we reasonably determined the scope of assessment of internal controls over business processes. Consolidated subsidiaries and equity-method affiliated companies determined to have an insignificant quantitative and qualitative influence on the reliability of financial reporting are not included in the scope of assessment of entity-level controls.

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

3. Matters relating to the results of the assessment

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

4. Additional notes

No material items to report.

5. Special notes

No material items to report.

June 21, 2013

Yoshihito Yamada
President and CEO
Omron Corporation

Yoshinori Suzuki
Senior Managing Director
and CFO
Omron Corporation

Corporate Information

As of March 31, 2013

Date of Establishment
May 10, 1933

Number of Employees (Consolidated)
35,411

Paid-in Capital
¥64,100 million

Common Stock
Authorized
487,000,000 shares
Issued
227,121,372 shares
Number of shareholders
30,794

Stock Listings
Tokyo Stock Exchange
Frankfurt Stock Exchange

Ticker Symbol Number
6645

Custodian of Register of Shareholders
Mitsubishi UFJ Trust and Banking Corporation
1-4-5, Marunouchi, Chiyoda-ku,
Tokyo 100-8212, Japan

Depositary and Transfer Agent for American Depositary Receipts
JPMorgan Chase Bank,
N.A.1 Chase Manhattan Plaza,
New York, NY 10005, U.S.A.

ADR Holder Contact:
JPMorgan Service Center
P.O. Box 64504, St. Paul,
MN, 55164-0504, U.S.A.
Tel 1-800-990-1135
E-mail jpmorgan.adr@wellsfargo.com

Head Office
Shiokoji Horikawa,
Shimogyo-ku,
Kyoto 600-8530, Japan
Tel 81-75-344-7000
Fax 81-75-344-7001

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

North America
Omron Management Center of America, Inc. (Illinois)
Tel 1-224-520-7650
Fax 1-224-520-7680

Brazil
OMRON Management Center of Latin America (Sao Paulo)
Tel 55-11-2101-6348
Fax 55-11-2101-6301

Asia Pacific
Omron Asia Pacific Pte. Ltd. (Singapore)
Tel 65-6835-3011
Fax 65-6835-2711

India
OMRON Management Center of India (Haryana)
Tel 91-124-4921700
Fax 91-124-4921777

Greater China
Omron (China) Co., Ltd. (Shanghai)
Tel 86-21-5888-1666
Fax 86-21-5888-7933

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

Manufacturing
Kusatsu Office
Tel 81-77-563-2181
Fax 81-77-565-5588

Ayabe Office
Tel 81-773-42-6611
Fax 81-773-43-0661

Yasu Office
Tel 81-77-588-9000
Fax 81-77-588-9901

Sales & Marketing
Tokyo Office
Shinagawa Front Building 7F
2-3-13, Konan, Minato-ku,
Tokyo 108-0075, Japan
Tel 81-3-6718-3400
Fax 81-3-6718-3408

Mishima Office
Tel 81-55-977-9000
Fax 81-55-977-9080

Nagoya Office
Tel 81-52-571-6461
Fax 81-52-565-1910

Osaka Office
Tel 81-6-6347-5800
Fax 81-6-6347-5900

Research & Development
Keihanna Technology Innovation Center
Tel 81-774-74-2000
Fax 81-774-74-2001

Okayama Office
Tel 81-86-277-6111
Fax 81-86-276-6013

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

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

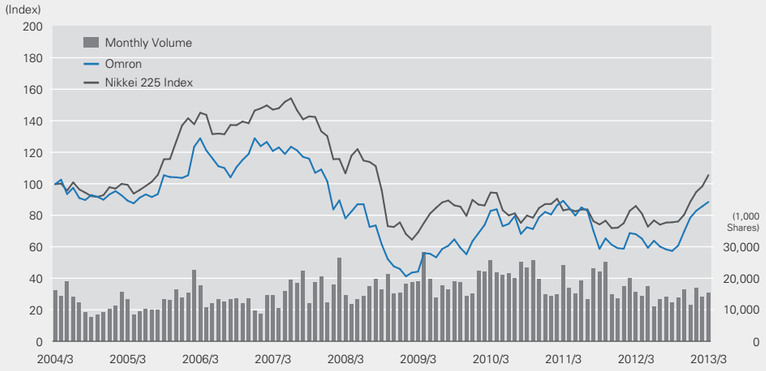
Investor Relations
http://www.omron.co.jp/ir/ (Japanese)
http://www.omron.com/ir/ (English)

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

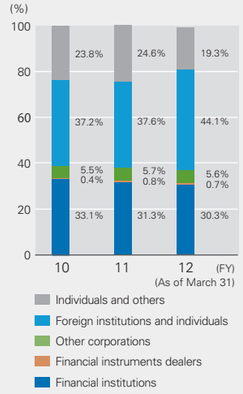
Stock Information

As of March 31, 2013

Stock Price Osaka Securities Exchange*



Ownership and Distribution of Shares



Note: Share index (2004/3E=100)

Yearly High and Low Prices*

FY	2003	2004	2005	2006	2007	2008	2009	2010	2011	**2012**
High (¥)	2,740	2,885	3,620	3,590	3,510	2,385	2,215	2,418	2,357	**2,478**
Low (¥)	1,648	2,150	2,210	2,615	1,950	940	1,132	1,749	1,381	**1,436**

* Stock price information is for the 1st section of the Osaka Securities Exchange before the July 16, 2013, integration of the cash equity markets of the Tokyo Stock Exchange and the Osaka Securities Exchange.

Publication of *Integrated Report 2013*

Omron conducts management from a long-term perspective in its quest to work for the benefit of the global society through its business. Integrated thinking has always been a core element of this perspective. As one aspect of this, we are actively disclosing information and conducting investor relations activities to practice "relationship-building with shareholders," which is one of Omron's management commitments. For this reason, we made the switch to integrated reporting in 2012, and this report is thus our second integrated report.

Integrated Report 2013 has been constructed to provide the Company's stakeholders with concrete and easy-to-understand information regarding Omron's management. I feel confident that this report will prove to be a viable tool for the shareholders and other investors that provide the Company with stable funding over the long term.

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

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

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

Satoshi Ando
Executive Officer
Senior General Manager,
Investor Relations Headquarters

INQUIRIES

OMRON Corporation
Shinagawa Front Building 7F
2-3-13, Konan, Minato-ku, Tokyo 108-0075, Japan

Investor Relations Headquarters
Investor Relations Department
Phone: +81-3-6718-3421 Fax: +81-3-6718-3429
URL: http://www.omron.com/ir/

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

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