



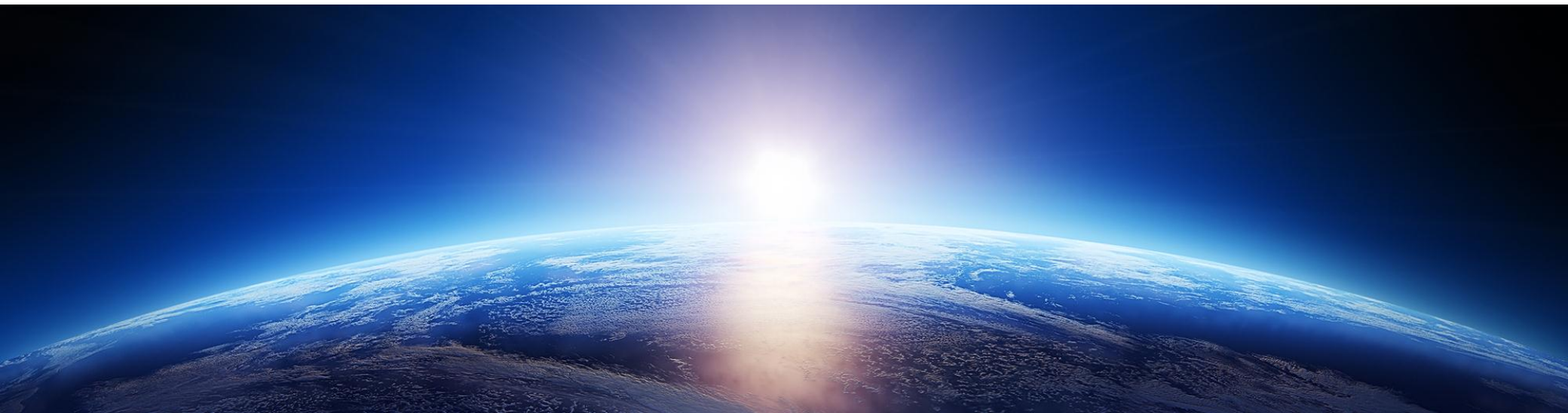
2014 Nomura Investment Forum

Toward Sustainable Corporate Value Creation

**December 5, 2014
OMRON Corporation**

What's New

MUSC.2 MGM



New Technology: Ping-Pong Robot

The “thinking” ping-pong robot demonstrating our goal of optimal harmonization of people and machines.



Omron Total Fair in Indonesia (Dec. 3-6)

Showcasing Omron's technologies aiming to expand our sales & marketing in the greater Asia (China & SE Asia).

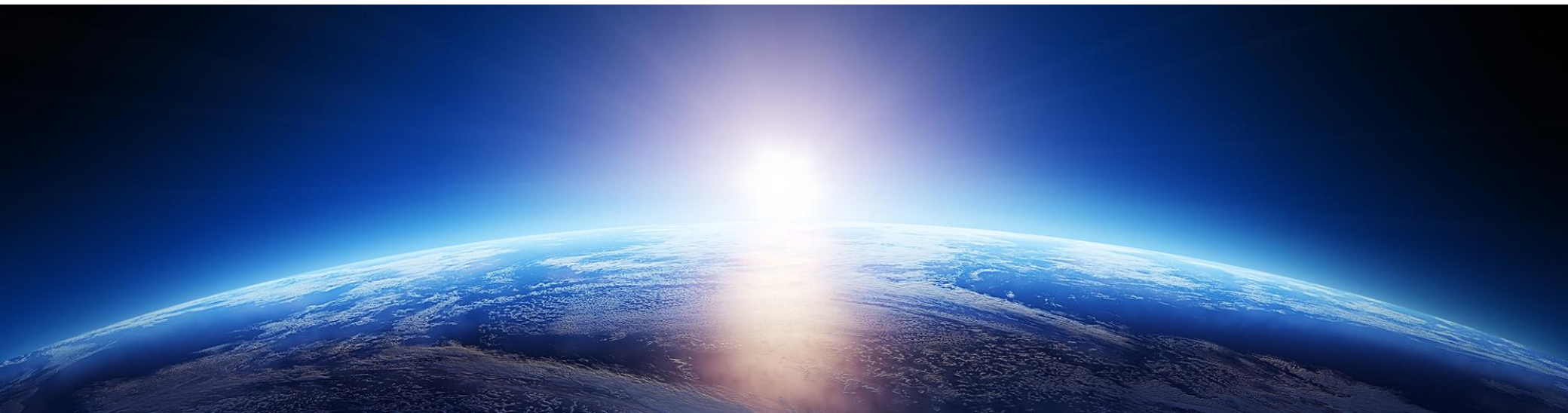


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Omron Way: What We Value

OMRON WAY: WHAT WE VALUE



Management's Engagement

Omron will enhance our sustainable corporate value. We will contribute to the global society through our business activities, creating social needs* by utilizing our “Sensing and Control” technologies.



***Social needs creation:**

To predict and find out social issues ahead of others and to be the first to create products and services to solve the issues.

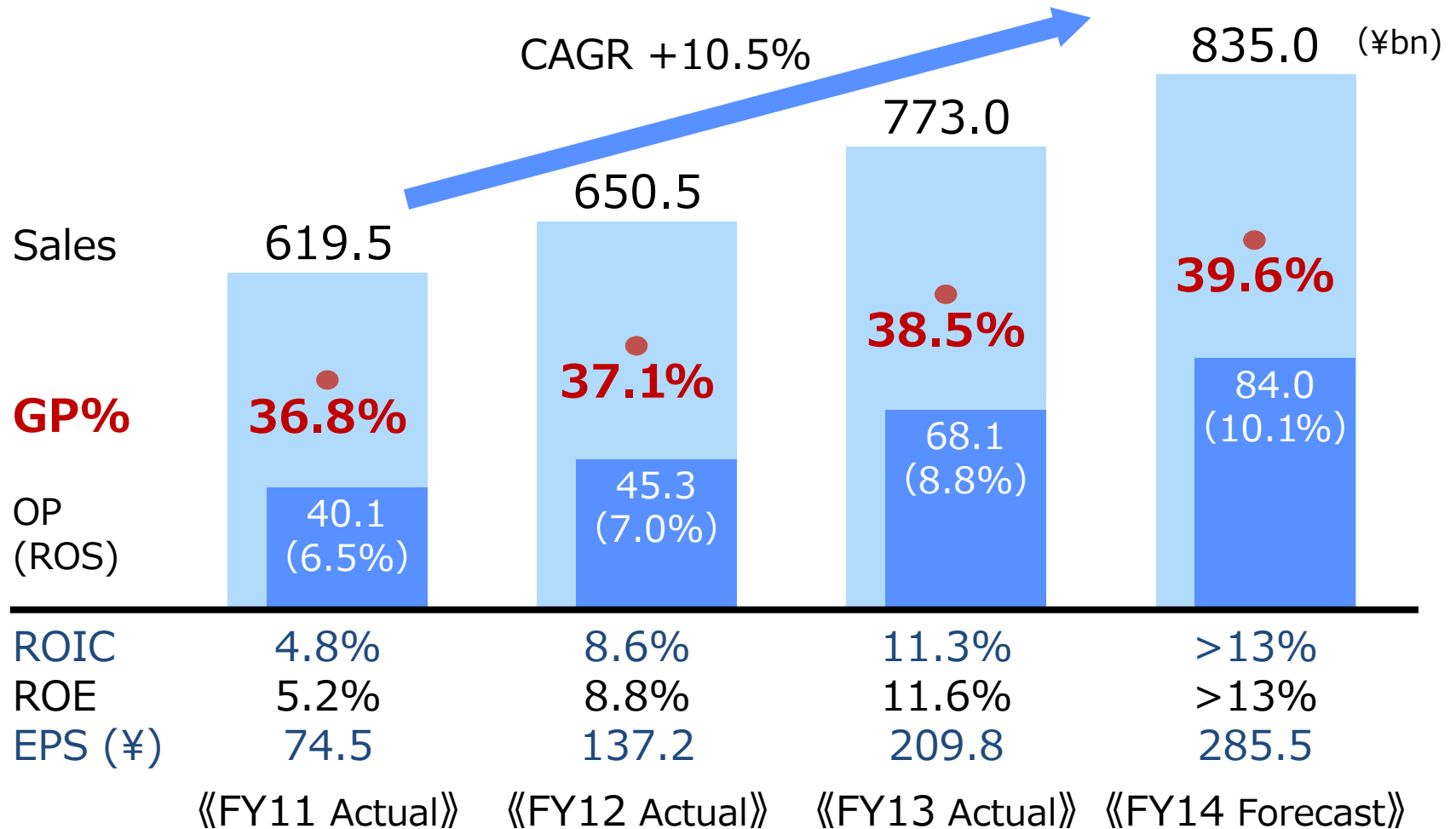
Practicing the Omron Principles

The Omron Principle's core value: Working for the benefit of society

- Business areas:
Industry, daily lives, society and environment
- Growth drivers:
Sensing & Control technologies
- Working on to predict and find out social issues ahead of others
- Values business operation that is global and fair

Earnings

10%-plus CAGR. GP margin notably up.



To Change, Not To Change

ROIC-based management and other innovative changes since assuming the presidency.

Not Changed

- Management that values the Omron Principles
- Highly transparent and effective corporate governance
- Engagement with shareholders

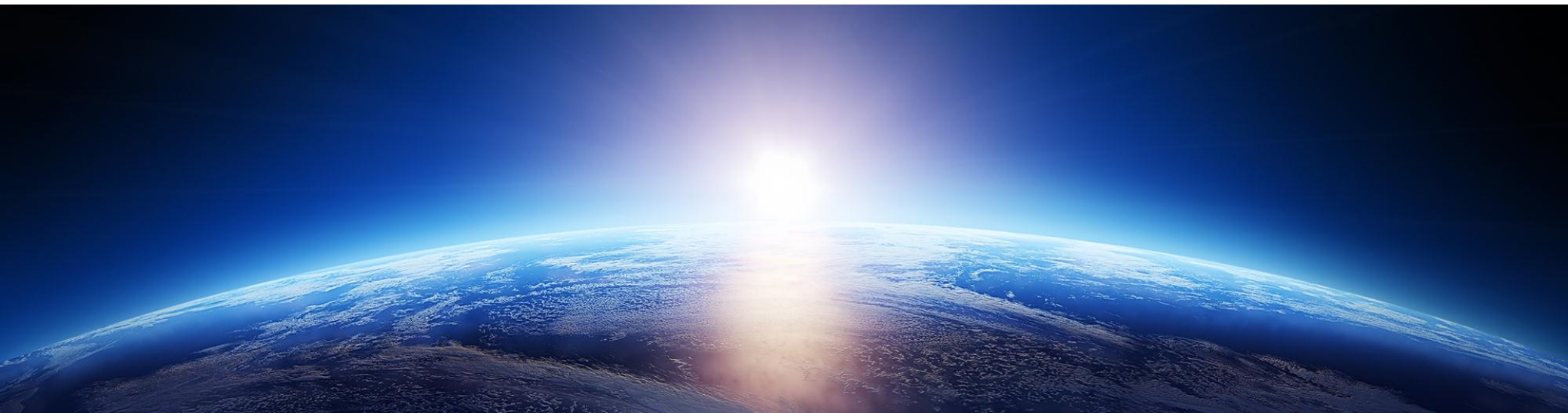
Changed

- Business portfolio management with ROIC as KPI
- Vertical-Horizontal management
- Disclosure of midterm management goals
- Incentives to Directors linked with midterm performance
- Corporate culture in which management team and workers all get together in sharing management philosophy and business strategies (e.g. The Omron Global Awards)

Omron on the Move

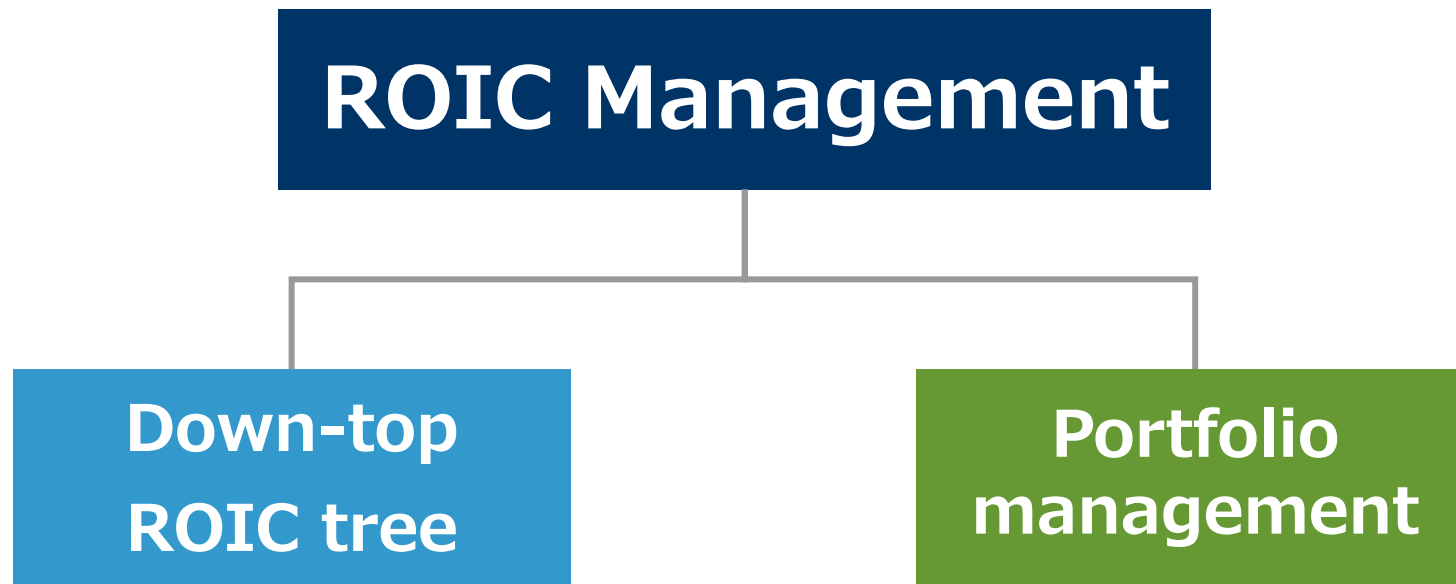
(1) ROIC Management

OMRON ON THE MOVE



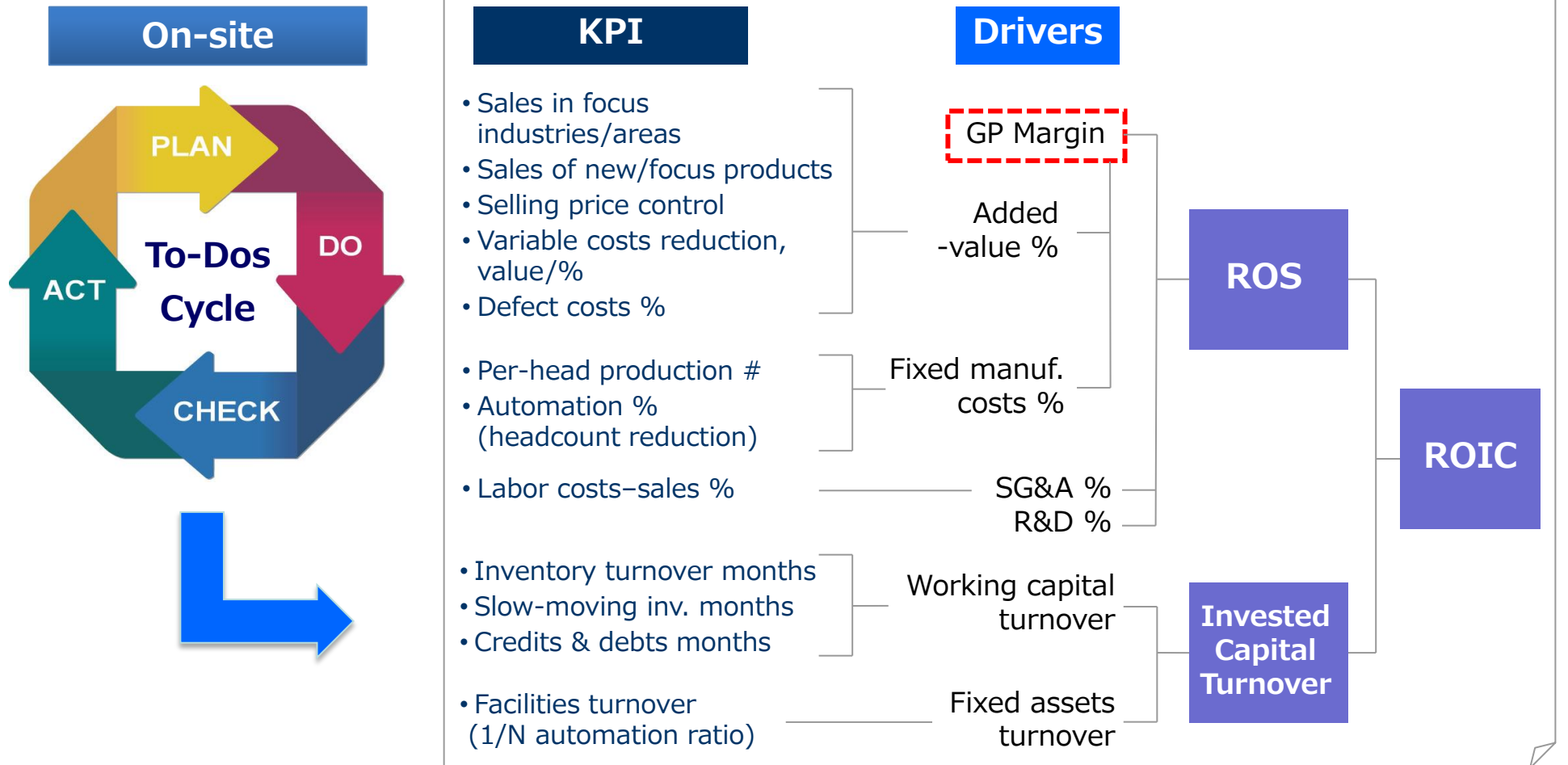
(1) ROIC Management

Fully practicing ROIC Management for 2 years.



(1) ROIC Management: Down-top ROIC Tree

Down-top ROIC tree to work on KPI/PDCA at all level down to on-site staff.



(1) ROIC Management: Vertical-Horizontal, IAB

Industrial Automation Business (IAB)

ROIC improvement drivers: Higher added value & sales growth

→ Sales & marketing of highly value-added and competitive products to defined target industries & customers

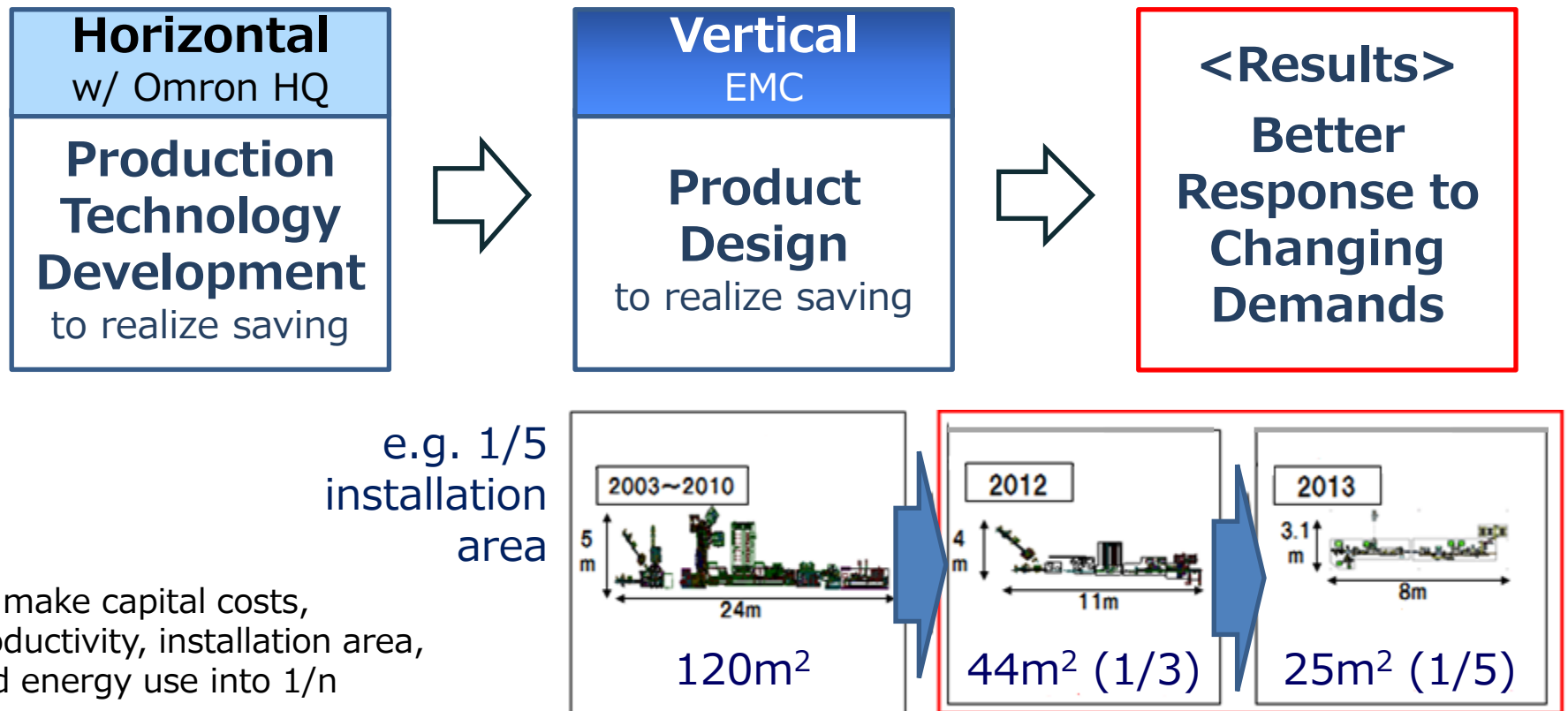


(1) ROIC Management: Vertical-Horizontal, EMC

Electronic & Mechanical Components Business (EMC)

ROIC improvement drivers: Better facilities turnover

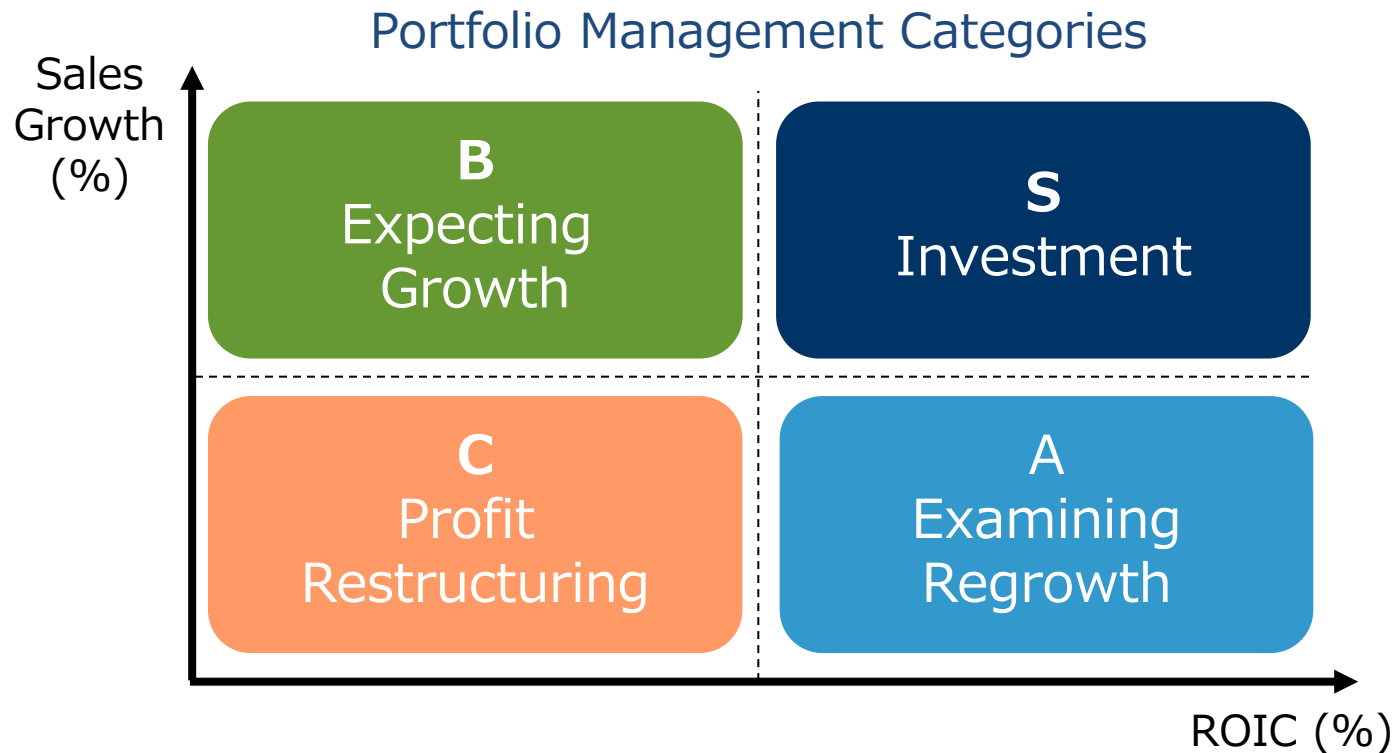
→ Production equipment saving* to meet changing demands



*To make capital costs, productivity, installation area, and energy use into 1/n

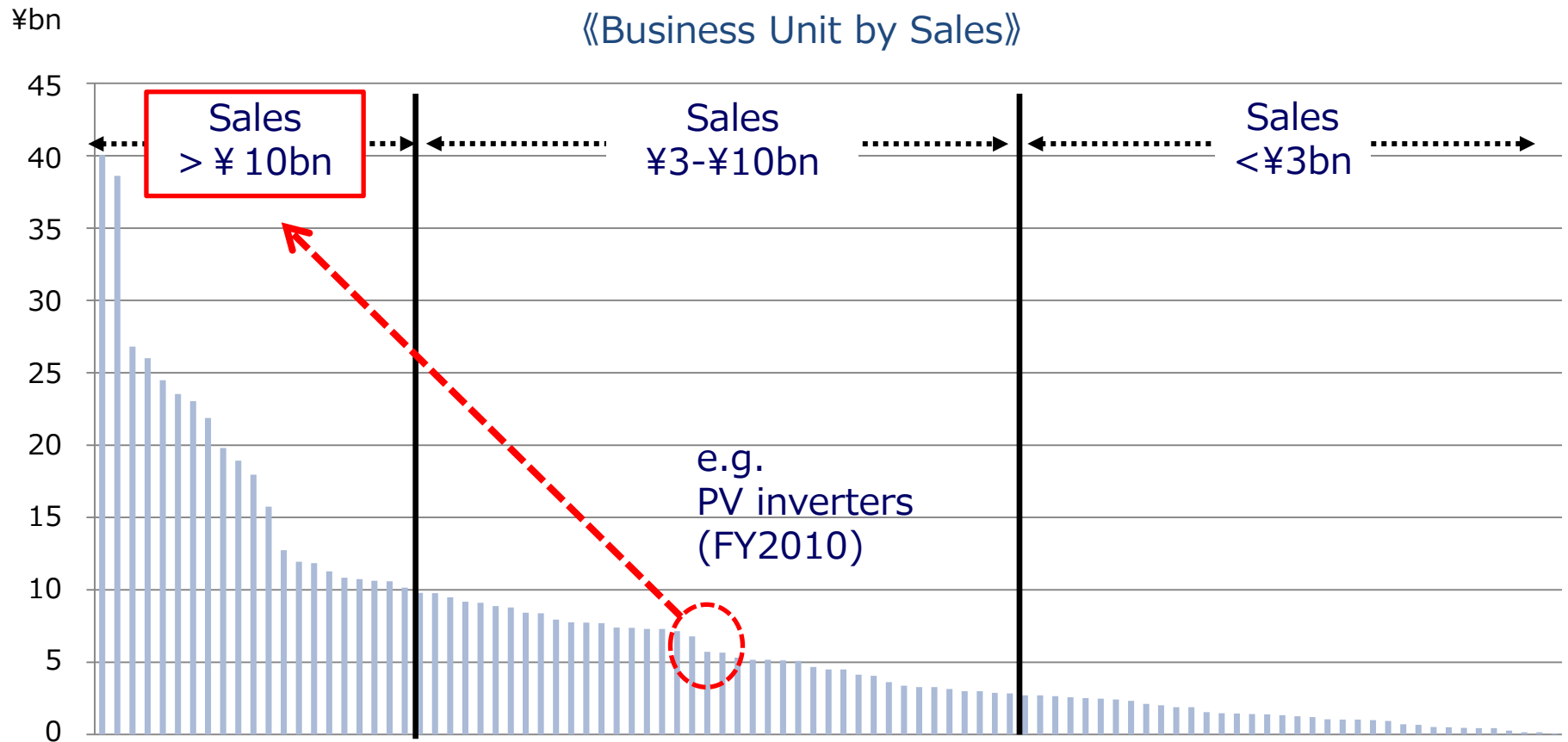
(1) ROIC Management: Portfolio Management

Management decisions to allocate investment resources for M&A, growth acceleration, restructuring, and new entry.



(1) ROIC Management: Portfolio Management

Portfolio management of almost 100 business units.



(1) ROIC Management: Portfolio Management

Restructuring businesses as needed.

Power Systems

EMC

Dec. '12

Transfer of capacitor business

MCT

Mobile Computing Technology,
"Other" business

Sep. '12

Outsourcing of embedded software and hardware development

OLFT part of business

IAB

Oct. '13

Transfer of FPD/
semiconductors repair equipment business

ONP

EMC

Nov. '13

Transfer of optical communication business

Izumo Facilities

EMC

Mar. '14

Shutdown of manufacturing facilities, mainly for switches

(1) ROIC Management: Portfolio Management, M&A&A

Carried out ¥10bn-level M&A&A in October to strengthen our business in emerging markets.

BST
EMC

Sep. '11

Power latching relay business in China

Tongling Automation
IAB

Mar. '12

Joint venture with a system integrator/ distributor in China

BCC Trading
Healthcare

Jan. '14

Medical equipment distributor in China

NS Company
Healthcare

Oct. '14

Nebulizer business in Brazil

Omron on the Move

(2) Management Goal Disclosure & Compensation

OMRON ON THE MOVE



(2) Management Goal Disclosure & Compensation

OMRON set and announced ROIC & EPS targets for midterm EARTH-1 STAGE.

Midterm Policy	Establishment of "self-driven" growth structure
Midterm Targets (FY2016)	Sales : > ¥ 900bn GP Margin : > 40% OP Margin : > 10% ROIC : approx. 13% ROE : approx. 13% EPS : approx. ¥ 290

(2) Management Goal Disclosure & Compensation

GP Margin, ROIC and EPS all up year by year.

	FY2012 Actual	FY2013 Actual	FY2014 Forecast
GP Margin	37.1%	38.5%	39.6%
ROIC	8.6%	11.3%	>13%
EPS	¥137.2	¥209.8	¥285.5
1USD (JPY)	83.2	100.1	101.9
1EUR (JPY)	107.6	134.0	137.1

(2) Management Goal Disclosure & Compensation

**Motivation towards mid to long-term value creation
= directors' interests aligned with shareholders'**

From:

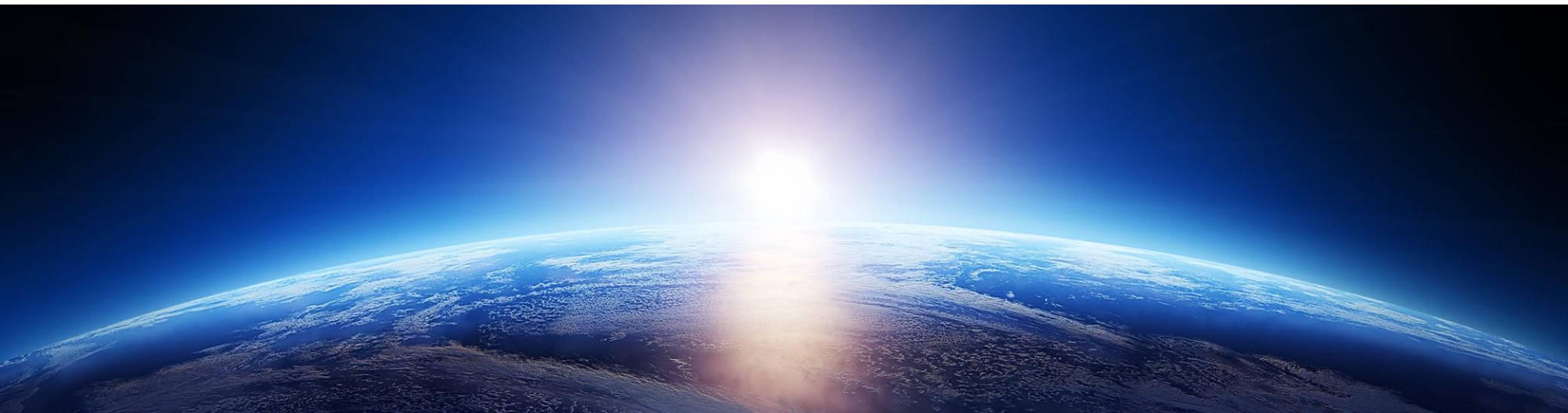
- Base (fixed) compensation + bonuses based on past one year performance
- Stock compensation

To:

- Base (fixed) compensation + bonuses based on past one year performance
- + Mid-term performance-linked bonuses**
- Stock Compensation
- + Issuance of paid stock acquisition rights**

Shareholder Returns

2019/2020/2021/2022/2023



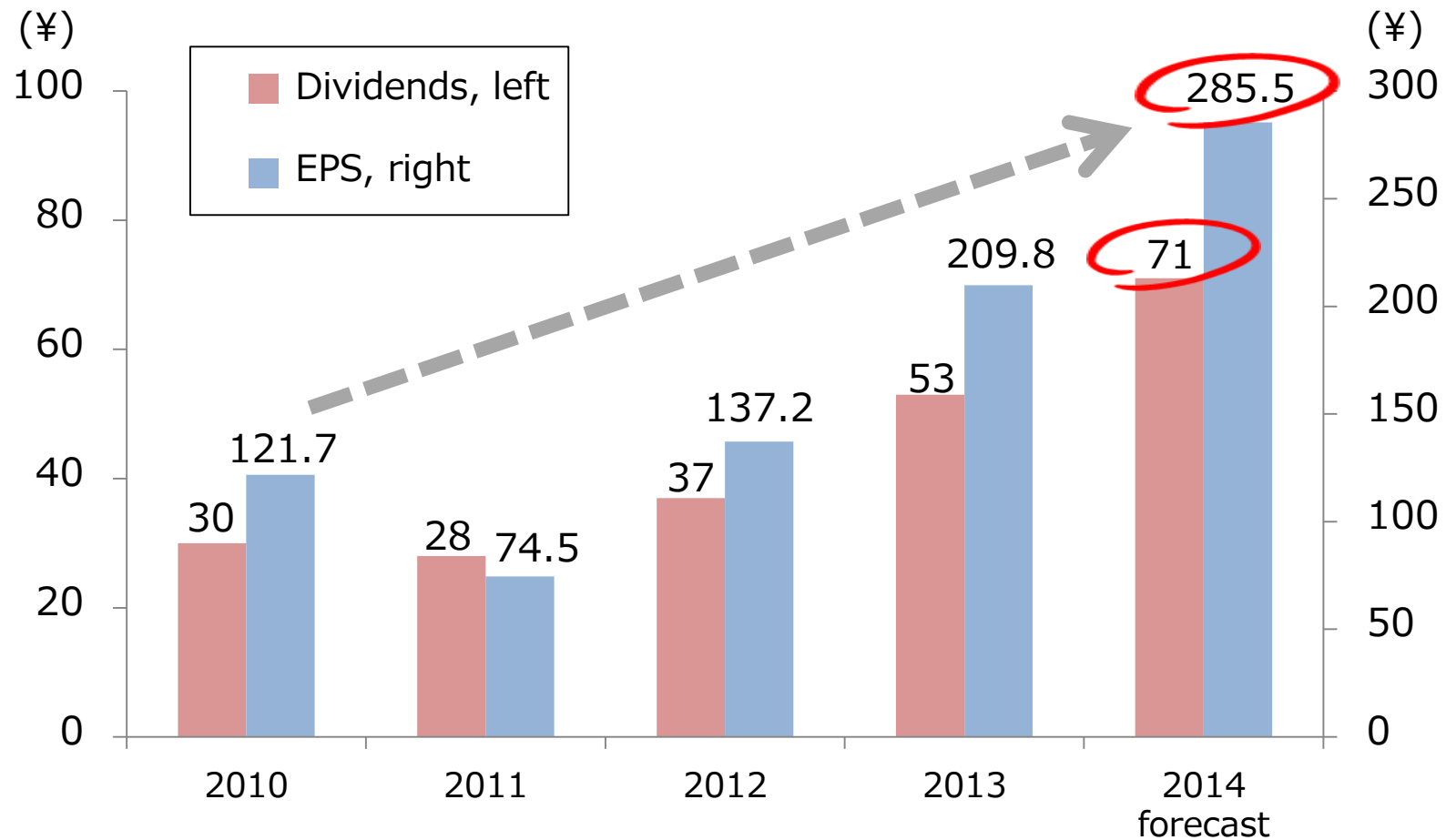
Shareholder Returns Policy

VG2020 Basic Policy on the Distribution of Profits

1. Prioritizing **investments to promote growth** to maximize corporate value over the long term.
2. Enhancing stable, uninterrupted profit distribution by taking the level of free cash flow into consideration.
(Minimum of 25% payout ratio for FY2014. Aiming to increase the ratio to **30% by FY2016 for enhancing shareholder returns in the medium term.**)
3. Utilizing retained earnings that have been accumulated over a long period of time, OMRON intends to **strategically repurchase and retire the Company's stock to benefit shareholders.**

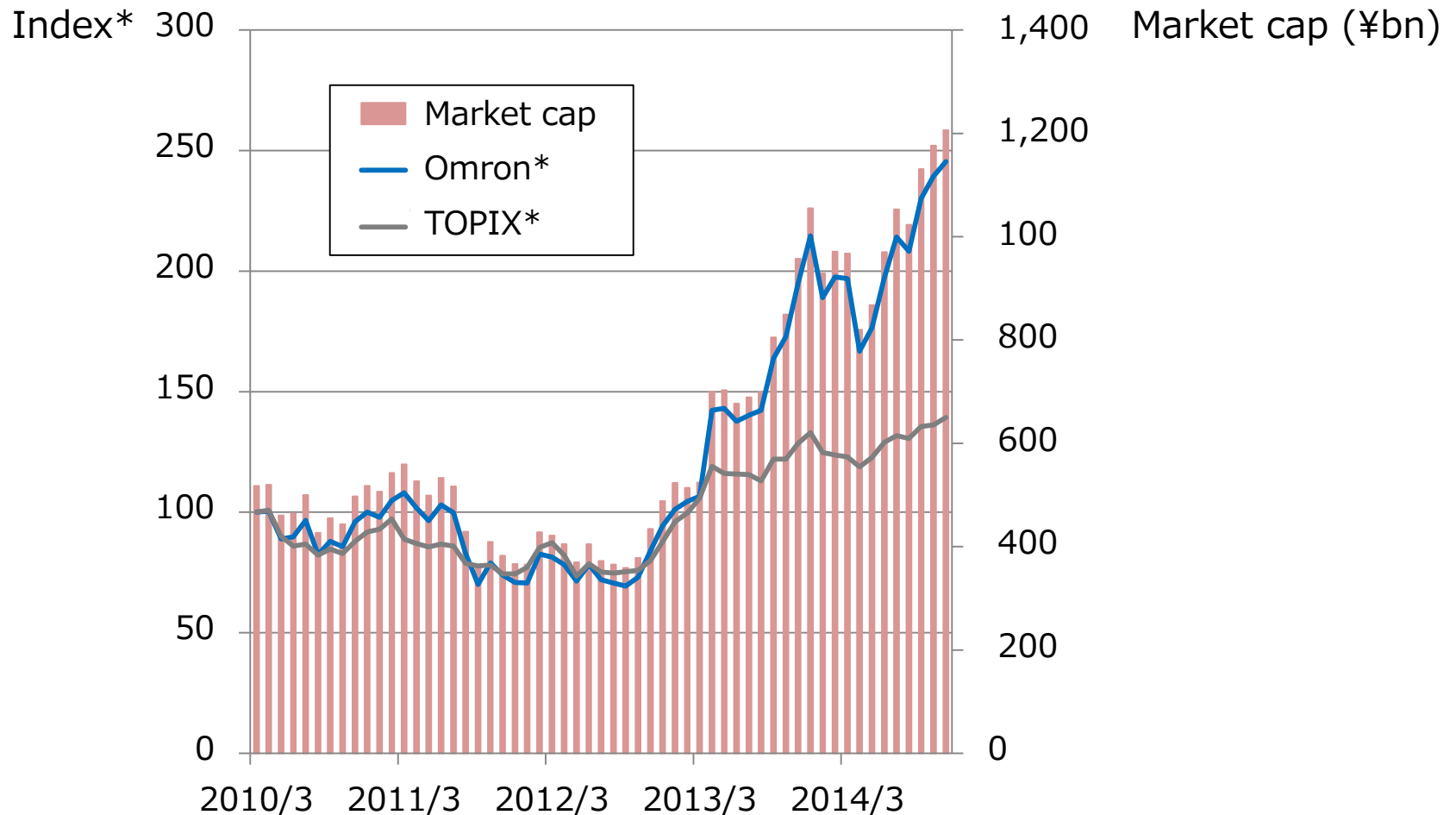
Dividends and EPS

Dividends up by higher dividend payout ratio and steady increase in earnings per share.



Market Value

Stock price well over TOPIX, with >¥1 trillion market value.



*Closing price on March 31, 2010 = 100

Omron Nominated for TSE Award

Omron selected as one of the four finalists of Tokyo Stock Exchange "Corporate Value Improvement Award" in 2014



2014年度上場会社表彰

東京証券取引所では、より良い実務慣行の定着・促進に取り組む上場会社を後押しする「上場会社表彰」を行っています。

企業価値向上表彰ファイナリスト決定!

TSE website:

http://www.tse.or.jp/english/listing/award/corporate_value.html

Toward Further Corporate Value Creation

- Management that values the Omron Principles
- ROIC-focused Management
 - Engagement

Thank you for your support and trust in Omron's continuing efforts in sustainable growth.

Notes

1. The consolidated statements of Omron Corporation (the Company) are prepared in accordance with U.S. GAAP.
2. Projected results and future developments are based on information available to the Company at the current time, as well as certain assumptions judged by the Company to be reasonable. Various factors could cause actual results to differ materially from these projections. Major factors influencing Omron's actual results include, but are not limited to,
 - (i) economic conditions affecting the Company's businesses in Japan and overseas
 - (ii) demand trends for the Company's products and services
 - (iii) the ability of the Company to develop new technologies and products
 - (iv) major changes in the fundraising environment
 - (v) tie-ups or cooperative relationships with other companies
 - (vi) movements in currency exchange rates and stock markets, and
 - (vii) accidents and natural disasters.

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