

(TRANSLATION)

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(Securities code: 6954)  
June 7, 2007

## To Our Shareholders

Yoshiharu Inaba  
President and CEO  
**FANUC LTD**  
3580, Shibokusa Aza-Komanba, Oshino-mura,  
Minamitsuru-gun, Yamanashi Prefecture

### Notice of Convocation of the 38th Ordinary General Meeting of Shareholders

Dear Shareholders,

You are cordially invited to attend the 38th Ordinary General Meeting of Shareholders of FANUC LTD. The meeting will be held as described below.

**If you are unable to attend the meeting, you can exercise your voting rights in writing. Please review the Reference Materials for the Ordinary General Meeting of Shareholders, indicate your votes for or against each of the proposals on the enclosed Voting Rights Exercise Form, and return the form to reach us by Tuesday, June 26, 2007.**

- 1. Date:** Wednesday, June 27, 2007, 10 a.m.
- 2. Place:** Main Hall, The Head Office, 3580, Shibokusa Aza-Komanba, Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture

#### **3. Agenda of the Meeting**

- Matters to be reported:**
1. Report on the business report, the consolidated financial statements and the results of audit of the consolidated financial statements by the Account Auditors and the Board of Auditors for the 38th fiscal year (from April 1, 2006 to March 31, 2007).
  2. Report on the non-consolidated financial statements for the 38th fiscal year (from April 1, 2006 to March 31, 2007).

**Matters to be resolved:**

**Item 1:** Appropriation of Retained Earnings

**Item 2:** Election of Thirteen (13) Directors

**Item 3:** Election of Four (4) Auditors

**Item 4:** Revision to Annual Amount of Compensation Payable to Auditors

**Item 5:** Presentation of Retirement Benefits to Retired and Retiring Directors

(The contents of matters to be reported and resolved are described on page 3 and thereafter.)

**4. Other Matters Determined Concerning the Shareholders' Meeting**

In a case where revisions are required to be made to the Reference Materials for the Ordinary General Meeting of Shareholders, the business report, the consolidated financial statements and the non-consolidated financial statements, such revisions will be posted on our Internet website (<http://www.fanuc.co.jp/>).

- END -

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\* When attending the meeting in person, please hand the enclosed Voting Rights Exercise Form to the receptionist.

## **BUSINESS REPORT**

(April 1, 2006 through March 31, 2007)

### **1. Matters concerning the situations of Fanuc Group**

#### (1) Business trends and achievement

During the fiscal year ended March 31, 2007, the Japanese economy continued to grow strongly, driven by continuous improvement in corporate earnings, and an increase in capital investment. The machine tool industry received a record amount of orders for the first time in sixteen years in 2006. High levels of orders are also expected to continue in 2007.

Overseas, the economies of China, South Korea, Taiwan, India and the United States continued to expand, while the European economy also made a progressive recovery.

Under these favorable conditions, FANUC LTD focused on production expansion at its factories to respond to the robust demand for capital investment in the global manufacturing industry. As a result, FANUC achieved a record monthly orders in June, a record monthly sales in September, and a record monthly production in November on a non-consolidated basis.

The FANUC R&D groups committed itself to developing globally competitive products, adhering to FANUC's basic policy of achieving "high reliability," while promoting "intelligence," "ultra precision" and "high functionality" of all FANUC products. The FANUC production group focused on "automation" and "robotization" of its machining and assembly processes. Also, FANUC's R&D, production and purchasing groups worked closely together to reduce costs.

As a result, during the fiscal year ended March 31, 2007, FANUC posted consolidated net sales totaling ¥419,560 million, up 10.1%, consolidated ordinary income totaling ¥179,412 million, up 18.9 %, and consolidated net income totaling ¥106,756 million, up 18.0% compared with the previous fiscal year, all posting record highs.

Meanwhile, during the fiscal year ended March 31, 2007, FANUC's ultra precision 5-axes nano machines (FANUC ROBONANO  $\alpha$ -0iB) won the Ministry of Economy, Trade and Industry Prize of the New Machine Promotion Award, as nominated by Japan Society for the Promotion of Machine Industry.

To secure flexibility and agility in its capital policy in response to changes in the business conditions, FANUC purchased 6,140,000 shares of its own (for ¥64,554 million).

Following is a summary of results for each business group:

#### **[FA Group]**

In Japan, although there was a downturn in capital investment in the automotive related industries, the machine tool industry, a primary market for FANUC CNCs, remained strong on par with the previous period, driven mainly by vigorous capital investments among a wide

range of machining industries, including construction machinery, electric appliances and precision devices, and also supported by robust exports.

Overseas, demand from the construction machinery, aircraft and energy-related industries remained strong. Sales increased in Asia and Europe, specifically.

Consequently, sales of FANUC CNCs remained at high levels.

In the development area, FANUC added new models and various functions to each of its CNC series (FANUC Series 0i/0i Mate-MODEL C), which are suitable for controlling structurally simple machine tools and superior in reliability and cost performance. FANUC also added new functions and improvements to each of its CNC series (FANUC Series 16i/18i/21i-MODEL B), which are compatible with a wide range of machine tools with a good track record, and to each of its CNC series (FANUC Series 30i/31i/32i-MODEL A), which meet needs of advanced combination of machinery.

New developments of FANUC servo motors included the expansion of production lineup and the improvement of functions, such as the addition of high-speed models of synchronous built-in servo motors, the development of the functions of detecting insulation degradation for preventive maintenance of motors and the development of small-size motors for use in multi-purpose mini intelligent robots.

As for laser products, sales were also strong both in Japan and overseas, posting a record high. New developments included the improvement of reliability and maintenance performance and the development of functions to speed up sheet metal processing.

As a result, the FA Group posted consolidated sales of ¥242,890 million, a 15.7% increase compared with the previous fiscal year. FA Group sales accounted for 57.9% of consolidated net sales.

## **[Robot Group]**

FANUC robot sales suffered in the first half of the fiscal year ended March 31, 2007 as a result of the temporary falloff in projects among automotive related industries in Japan, the United States and Europe. However, sales began to increase due to recovery in demand for robots in the second half of the fiscal year. Demand for robots from the Asian countries such as China and India continued to be robust. Sales to general industries, mainly for material handling and machining applications, also remained strong.

New developments in FANUC robots included the addition of a new leading-edge multi-purpose intelligent robot (FANUC Robot LR-Mate200iC series) as a succeeding model for the human arm-sized, multi-purpose mini intelligent robot (FANUC Robot LR-Mate200iB series) which won high recognition due to its high reliability under severe factory environments. The new product series offers enhanced motion functions by weight saving and streamlining, while maintaining environment resistance. Also, to promote robotization in the fields of physical distribution of foods and pharmaceuticals, FANUC has developed an intelligent handling robot (FANUC Robot M-430iA series), which has superior performance in speed, continuous operation, cleanness, rinsing and chemical resistance. Furthermore, FANUC has enhanced intelligent functions in various robot products.

At the International Manufacturing Technology Show (IMTS) held in Chicago in September and the Japan International Machine Tool Fair (JIMTOF) held in Tokyo in November, live demonstration of the robotic system, which combined a machine tool with intelligent robots, received a lot of feedback from the visitors. Intelligent robots have increasingly raised expectations among the customers in the manufacturing industry to enhance their competitiveness in production.

The Robot Group posted consolidated sales of ¥103,266 million, 4.6% down compared with the previous fiscal year. Robot Group sales accounted for 24.6% of consolidated net sales.

### **[Robomachine Group]**

Sales of the ROBOSHOT electric injection molding machines to such industries as IT, electronic components, automotive parts and medical equipment were very strong in all markets of Japan, the United States, Europe and Asia in the first half of the fiscal year. However, demand from the IT and electronic component industries in Japan and the Asian markets reached the plateau in the second half, leading to a temporary standstill for both orders and sales.

New developments in FANUC ROBOSHOT included the addition of new models of 15t and 30t clamping capacities to its next-generation fully automatic electric injection molding machine (FANUC ROBOSHOT S-2000iB series) with a high-rigid mechanism and the latest CNC and servo technologies, thus carrying a complete line.

Sales of the ROBODRILL CNC drills and ROBOCUT wire-cut electric discharge machines remained at high levels in Japan, supported by vigorous capital investments. Sales also increased substantially in the Asian markets, mainly to the IT industry.

New developments in FANUC ROBODRILL included the development of a new model (FANUC ROBODRILL MATE) which features substantially enhanced reliability and cost performance. Also, the FANUC ROBOCUT was enriched with additional sophisticated functions.

New developments in the FANUC ultra-precision nano machine ROBONANO included the addition of new functions, including grinding processing functions, to its 5-axes simultaneous nano-precision model (FANUC ROBONANO  $\alpha$ -0iB), which features leading-edge CNC and servo technologies and its proprietary pneumatic bearing technology and offer various nano-processing. Demand for nano-precision manufacturing of components and molds in the fields of semiconductors, biotechnology and pharmaceuticals is increasing and FANUC ROBONANO is sufficiently promising.

As a result, the Robomachine Group posted consolidated sales of ¥73,404 million, a 16.7% increase compared with the previous fiscal year. Robomachine Group sales accounted for 17.5% of consolidated net sales.

## **[Research and Development]**

FANUC's CNC Laboratory, Servo Laboratory, Laser Laboratory, Software Laboratory, Software Development Laboratory, Robot Laboratory, Robot Development Laboratory, Roboshot Laboratory, Robodrill Laboratory, Robocut Laboratory, Robonano Development Office (ROBONANO Business Division) focused on developing various new competitive products by promoting "intelligence," "ultra precision" and "high functionality," while adhering to FANUC's basic policy of achieving "high reliability," and successfully launched them into the market.

FANUC's Basic Laboratory continues to develop basic technologies including element technologies, ready to launch the next-generation products.

### **(2) Capital Investment**

FANUC's capital investment included the construction of a molding plant near the Head Office and the strengthening of production capacity of its factories such as an additional introduction of Robot Cells, as well as reduction of production costs through automation and robotization. FANUC also built a new exhibition hall and a new health and welfare facility adjacent to its Nagoya Branch, base of business operations in the Nagoya area.

Overall, capital investment in the fiscal year ended March 31, 2007 totaled ¥15,078 million.

### **(3) Financing**

No external funding was required since FANUC met all of its funding requirements in the fiscal year with its own resources.

### **(4) Challenges and Countermeasures**

Global economic expansion is expected to continue, but at a more moderate rate during the fiscal year ending March 31, 2008. However, there are some areas of concern that could have a negative impact on capital expenditure in the manufacturing industry, including rising procurement costs of materials such as copper and iron, and a slowdown in the U.S. economy.

Faced with such conditions, the FANUC Group will continue to focus the energies of all of its R&D groups on promoting "intelligence," "ultra precision" and "high functionality" of various products while adhering to achieving "high reliability" to enhance its product competitiveness. In production activities, we will further promote "robotization" of our factories through vigorous investments, which will include adding more Robot Cells in the factory lines, and constructing a new ROBOCUT factory in the Tsukuba region and improving a system to substantially increase production of ROBODRILL products. In sales and service activities, FANUC Group will further strengthen its presence in the markets of China, India, Russia and South America, where sustainable growth is expected. We will also continue to increase our market shares in Japan, the United States and Europe through introduction of new products.

FANUC Group will be fully prepared to develop in the future based on these initiatives.

## (5) Assets and profits

### 1) FANUC Group

| Item                                 | FY 2003<br>(35th term) | FY 2004<br>(36th term) | FY 2005<br>(37th term) | FY 2006<br>(38th term) |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|
| Net sales<br>(Millions of yen)       | 264,832                | 330,345                | 381,074                | 419,560                |
| Ordinary income<br>(Millions of yen) | 89,997                 | 124,773                | 150,832                | 179,412                |
| Net income<br>(Millions of yen)      | 57,313                 | 75,764                 | 90,437                 | 106,756                |
| Net income per share (Yen)           | 254.62                 | 339.09                 | 420.01                 | 499.83                 |
| Total assets<br>(Millions of yen)    | 758,650                | 799,575                | 903,409                | 951,664                |
| Net assets<br>(Millions of yen)      | 673,686                | 679,008                | 774,418                | 820,556                |
| Net assets per share (Yen)           | 3,004.04               | 3,167.70               | 3,614.17               | 3,816.91               |

### 2) The Company

| Item                              | FY 2003<br>(35th term) | FY 2004<br>(36th term) | FY 2005<br>(37th term) | FY 2006<br>(38th term) |
|-----------------------------------|------------------------|------------------------|------------------------|------------------------|
| Net sales<br>(Millions of yen)    | 207,623                | 258,693                | 279,622                | 311,238                |
| Ordinary income (Millions of yen) | 72,591                 | 104,012                | 116,162                | 133,063                |
| Net income (Millions of yen)      | 44,309                 | 64,559                 | 72,787                 | 82,025                 |
| Net income per share (Yen)        | 196.62                 | 288.73                 | 337.61                 | 384.04                 |
| Total assets<br>(Millions of yen) | 689,344                | 688,712                | 747,435                | 752,668                |
| Net assets<br>(Millions of yen)   | 631,897                | 620,569                | 682,473                | 667,854                |
| Net assets per share (Yen)        | 2,817.64               | 2,894.94               | 3,184.80               | 3,212.25               |

Notes: 1. Net income per share is calculated based on the average number of shares outstanding of the fiscal year excluding the average number of shares of treasury stock of the year.

2. Net assets per share is calculated based on the total number of shares outstanding at the end of the fiscal year excluding the number of shares of treasury stock at the end of the year.

## (6) Principal Businesses of the FANUC Group

The principal businesses of the FANUC Group are the manufacture and sale of CNC systems (CNC Series and servo motors), lasers, robots & robot systems and Robomachines (fully automatic electric injection molding machines, CNC drills, wire-cut EDMs, ultra-precision nano machines, and related systems). The main products of respective groups are described in the following table:

| Segment           | Main products                                                                                                |
|-------------------|--------------------------------------------------------------------------------------------------------------|
| FA Group          | CNC Series, servo motors (including spindle motors, linear motors, and synchronous built-in motors), lasers  |
| Robot Group       | Robots                                                                                                       |
| Robomachine Group | Robomachines (electric injection molding machines, CNC drills, wire-cut EDMs, ultra-precision nano machines) |

## (7) Principal Sites of the FANUC Group

### 1) Principal Domestic Sites

#### The Company

|                            |                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Head office                | Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture                                                                                                                                                                                                                                                                                                                            |
| Laboratories               | CNC Laboratory, Servo Laboratory, Laser Laboratory, Software Laboratory, Software Development Laboratory, Robot Laboratory, Robot Development Laboratory, Roboshot Laboratory, Robodrill Laboratory, Robocut Laboratory, Basic Laboratory, Robonano Development Office (Robonano Business Division), (Oshino-mura and Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture) |
| Branches and other offices | Nagoya Sales Branch (Komaki City), Hino Complex (Hino City), Kansai Branch (Osaka City), Tsukuba Branch (Tsukuba City), Hokkaido Branch (Ebetsu City), Kyushu Branch (Kikuyo-Machi, Kikuchi-gun, Kumamoto Prefecture)                                                                                                                                                         |
| Technical Centers          | Central Technical Center (Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture), Hokuriku Technical Center (Imizu City), Maebashi Technical Center (Maebashi City), Chugoku Technical Center (Okayama City), Hiroshima Technical Center (Hiroshima City), Tohoku Technical Center (Sendai City), Echigo Technical Center (Mitsuke City)                                         |
| Factories                  | Oshino-mura and Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture; Chikusei City ; Kirishima City; Hino City                                                                                                                                                                                                                                                             |
| Training Centers           | FANUC Training Center (Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture), FANUC Management Institute (Kinetsuki City)                                                                                                                                                                                                                                                   |

#### FANUC FA SERVICE LTD

(Head Office: Hino City, Nagoya Service Branch: Komaki City)

#### FANUC ROBOT SERVICE LTD

(Head Office: Hino City, Nagoya Service Branch: Komaki City)

#### FANUC LASER SERVICE LTD

(Head Office: Hino City, Nagoya Service Branch: Komaki City)

#### FANUC PERTRONICS LTD (Chino City)

FANUC SERVO LTD (Tsu City)  
FANUC DD MOTOR LTD (Chikusei City)

2) Main Overseas Sites

FANUC Robotics America, Inc. (Michigan, USA)  
FANUC Robotics Europe S.A. (Echternach, Grand Duchy of Luxemburg)  
GE Fanuc Automation CNC Europe S.A. (Echternach, Grand Duchy of Luxemburg)  
FANUC KOREA CORPORATION (Gyeongsangnam-do, Republic of Korea)  
FANUC TAIWAN LIMITED (Taichung, Taiwan)  
FANUC AMERICA CORPORATION (Illinois, USA)  
FANUC EUROPE SERVICE GmbH (Baden-Wurttemberg, Federal Republic of Germany)  
FANUC ROBOMACHINE EUROPE SALES GmbH  
(Baden-Wurttemberg, Federal Republic of Germany)  
FANUC INDIA PRIVATE LIMITED (Karnataka, India)

(8) Employees of the FANUC Group

1) Number of employees of the Group

|                   |       |
|-------------------|-------|
| FA Group          | 1,986 |
| Robot Group       | 1,426 |
| Robomachine Group | 536   |
| Others            | 747   |
| Total             | 4,695 |

2) Number of employees of the Company

| Number of employees | Average age    | Average length of service |
|---------------------|----------------|---------------------------|
| 2,021               | 40.3 years old | 17.0 years                |

## (9) Principal Subsidiaries, etc.

## 1) Principal subsidiaries

| Company name                        | Capital stock        | Percentage of equity participation (%) | Principal business                                                                                                                                                                                                              |
|-------------------------------------|----------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FANUC Robotics America, Inc.        | US\$154,600 thousand | 100                                    | Development, manufacture, sale and maintenance services of robots and robot systems                                                                                                                                             |
| FANUC Robotics Europe S.A.          | € 60,451 thousand    | 100                                    | Development, sale, and maintenance services of robot systems as well as sale and maintenance services of robots                                                                                                                 |
| GE Fanuc Automation CNC Europe S.A. | € 30,000 thousand    | (Note 1)                               | Sale and maintenance services of CNC systems and lasers                                                                                                                                                                         |
| FANUC KOREA CORPORATION             | Won32,364 million    | 88                                     | Manufacture, sale and maintenance services of robot systems, CNC drills, wire-cut EDMs as well as sale and maintenance services of CNC systems, robots, fully automatic electric injection molding machines and lasers          |
| FANUC TAIWAN LIMITED                | NT\$ 1,396 million   | 100                                    | Sale and maintenance services of CNC systems and lasers                                                                                                                                                                         |
| FANUC AMERICA CORPORATION           | US\$ 2,700 thousand  | 100                                    | Maintenance services of CNC systems and lasers                                                                                                                                                                                  |
| FANUC EUROPE GmbH                   | € 4,375 thousand     | 100                                    | Technical and managerial support for service companies in Europe                                                                                                                                                                |
| FANUC ROBOMACHINE EUROPE SALES GmbH | € 15,135 thousand    | 100                                    | Sale of CNC drills and wire-cut EDMs                                                                                                                                                                                            |
| FANUC INDIA PRIVATE LIMITED         | Rupee 290 million    | (Note 2)                               | Manufacture, sale and maintenance services of CNC systems, sale and maintenance services of robots, fully automatic electric injection molding machines, CNC drills and wire-cut EDMs as well as maintenance services of lasers |
| FANUC FA SERVICE LTD                | ¥450 million         | 100                                    | Maintenance services of CNC systems                                                                                                                                                                                             |
| FANUC ROBOT SERVICE LTD             | ¥400 million         | 100                                    | Maintenance services of robots, fully automatic electric injection molding machines, CNC drills and wire-cut EDMs                                                                                                               |
| FANUC LASER SERVICE LTD             | ¥46 million          | 100                                    | Maintenance services of lasers                                                                                                                                                                                                  |
| FANUC PERTRONICS LTD                | ¥327 million         | 80                                     | Manufacture and sale of components of CNC systems                                                                                                                                                                               |
| FANUC SERVO LTD                     | ¥450 million         | 100                                    | Manufacture of servo motors                                                                                                                                                                                                     |
| FANUC DD MOTOR LTD                  | ¥345 million         | 100                                    | Manufacture of synchronous built-in motors                                                                                                                                                                                      |

- Notes: 1. GE Fanuc Automation Corporation (capital stock account: US\$259,400 thousand), to which the Company and General Electric Company contribute on a 50-50 basis, holds 90% of the share capital of GE Fanuc Automation CNC Europe S.A., in which the Company directly holds the remaining interest of 10%.
2. In addition to our directly owned 90% interest, GE Fanuc Automation Americas, Inc. holds the remaining 10% interest in FANUC INDIA PRIVATE LIMITED.

## 2) Major affiliates

| Company name                         | Capital stock        | Percentage of equity participation (%) | Principal business                                                                                                                                                                             |
|--------------------------------------|----------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GE Fanuc Automation Americas, Inc.   | US\$116,000 thousand | (Note 1)                               | Development, manufacture, sale and maintenance services of programmable logic controllers, Proficy™ and embedded systems as well as sale and maintenance services of CNC systems and lasers    |
| BEIJING-FANUC Mechatronics CO., LTD. | US\$11,300 thousand  | (Note 2)                               | Manufacture, sale and maintenance services of CNC systems, sale and maintenance services of lasers, robots, fully automatic electric injection molding machines, wire-cut EDMs, and CNC drills |

- Notes: 1. In addition to the 90% interest held by GE Fanuc Automation Corporation, the Company directly holds 0.1% of the share capital of GE Fanuc Automation Americas, Inc.
2. In addition to our directly owned 40% interest, GE Fanuc Automation Americas, Inc. holds 10% of the share capital of BEIJING-FANUC Mechatronics CO., LTD.

3) Consolidated subsidiaries total 45 companies, including the principal subsidiaries mentioned above; investment in affiliates accounted for by the equity method are 3 companies, including GE Fanuc Automation Corporation and BEIJING-FANUC Mechatronics CO., LTD.

4) Our main partners under cross-licensing agreements are GE Fanuc Automation Corporation (USA) and Siemens A.G. (Germany).

## 2. Matters Concerning the Shares of the Company

- (1) Total number of issuable shares: 400,000,000 shares
- (2) Total number of shares issued and outstanding and amount of capital  
Total number of shares issued and outstanding: 239,508,317 shares  
Amount of capital: ¥69,014,459,450
- (3) Number of shareholders: 86,250

(4) Major shareholders:

| Name                                                   | Number of shares<br>(In thousands) | Percentage of equity<br>participation<br>(%) |
|--------------------------------------------------------|------------------------------------|----------------------------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account)   | 13,337                             | 5.6                                          |
| Japan Trustee Services Bank, Ltd. (Trust Account)      | 12,228                             | 5.1                                          |
| FUJITSU LIMITED                                        | 11,976                             | 5.0                                          |
| FUJI ELECTRIC HOLDINGS CO., LTD                        | 10,618                             | 4.4                                          |
| State Street Bank and Trust Company                    | 8,422                              | 3.5                                          |
| State Street Bank and Trust Company 505103             | 4,590                              | 1.9                                          |
| Morgan Stanley and Company Inc.                        | 3,890                              | 1.6                                          |
| The Chase Manhattan Bank 385036                        | 3,198                              | 1.3                                          |
| BNP Paribas Securities (Japan) Ltd                     | 2,786                              | 1.2                                          |
| The Chase Manhattan Bank NA, London SL Omnibus Account | 2,638                              | 1.1                                          |

Note: 31,599 thousand shares of treasury stock registered in the name of the Company are excluded from the above table.

### 3. Matters Concerning the Officers of the Company

#### (1) Directors and Auditors of the Company

| Position                 | Name                  | Assignment or principal responsibilities                                                                                                                    |
|--------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| President and CEO        | Yoshiharu Inaba       |                                                                                                                                                             |
| Senior Managing Director | Mitsuo Kurakake       | Group Executive, R&D Hardware Group                                                                                                                         |
| Senior Managing Director | Katsuo Kohari         | General Manager, FA Overseas Sales Joint Division                                                                                                           |
| Senior Managing Director | Hajimu Kishi          | General Manager, FA Domestic Sales Joint Division and Branch Manager, Nagoya Sales Branch                                                                   |
| Senior Managing Director | Atsushi Watanabe      | General Manager, Robot Sales Joint Division                                                                                                                 |
| Senior Managing Director | Shinichi Tanzawa      | Group Executive, Finance & Accounting, Price & Cost and Facility Planning and Purchasing Group                                                              |
| Senior Managing Director | Hideo Kojima          | Group Executive, Personnel, Legal and General Affairs Group                                                                                                 |
| Senior Managing Director | Mitsuto Miyata        | Group Executive, R&D Software Group                                                                                                                         |
| Senior Managing Director | Hiroshi Araki         | General Manager, Tsukuba Factory                                                                                                                            |
| Senior Managing Director | Hiroyuki Uchida       | General Manager, Servo Laboratory and Assistant to Group Executive, Production Group (Servo Amplifier Manufacturing Dept., Servo Motor Manufacturing Dept.) |
| Senior Managing Director | Hideaki Inoue         | Group Executive, Operation in China and Director & Senior Vice General manager, BEIJING-FANUC Mechatronics CO., LTD.                                        |
| Director                 | Richard E Schneider   | President & CEO, FANUC Robotics America, Inc.                                                                                                               |
| Director                 | Dong Ki Kim           | President & CEO, FANUC KOREA CORPORATION                                                                                                                    |
| Director                 | Olaf C. Gehrels       | President & CEO, FANUC Robotics Europe S.A.                                                                                                                 |
| Standing Auditor         | Naoki Shimizu         |                                                                                                                                                             |
| Standing Auditor         | Nobuo Otsuka          |                                                                                                                                                             |
| Auditor                  | Naoyuki Akikusa       | Chairman and Representative Director of FUJITSU LIMITED                                                                                                     |
| Auditor                  | Tetsunosuke Ishibashi | Special Counselor of FUJI ELECTRIC HOLDINGS CO., LTD.                                                                                                       |
| Auditor                  | Hajime Harada         | Lawyer and patent attorney                                                                                                                                  |

- Notes:
1. Auditors Naoyuki Akikusa, Tetsunosuke Ishibashi and Hajime Harada are outside Auditors.
  2. Messrs. Richard E. Schneider, Dong Ki Kim and Olaf C. Gehrels were newly elected as Directors at the 37th Ordinary General Meetings of Shareholders held on June 28, 2006 and assumed office.
  3. Mr. Shigeaki Oyama retired as Chairman and Director as of August 25, 2006 and assumed the office of Counselor.
  4. Other important concurrent posts of the above officers are described below:

| Name            | Company                  | Concurrent post                    |
|-----------------|--------------------------|------------------------------------|
| Yoshiharu Inaba | FANUC KOREACORPORATION   | Chairman of the Board of Directors |
|                 | FANUC AMERICACORPORATION | Chairman                           |
|                 | FANUC EUROPE GmbH        | Chairman                           |

| Name                  | Company                                                                                  | Concurrent post                       |
|-----------------------|------------------------------------------------------------------------------------------|---------------------------------------|
|                       | FANUC ROBOMACHINE EUROPE<br>SALES GmbH<br>FANUC INDIA PRIVATE LIMITED<br>FUJITSU LIMITED | Chairman<br>Chairman<br>Auditor       |
| Naoyuki Akikusa       | ADVANTEST CORPORATION<br>ADVANTEST CORPORATION                                           | Auditor (Note 1)<br>Director (Note 2) |
| Tetsunosuke Ishibashi | Nohmi Bosai Ltd.<br>FDK CORPORATION                                                      | Auditor<br>Auditor                    |

Notes: 1. Retired as of June 27, 2006

2. Assumed office as of June 27, 2006

(2) Remuneration, etc., payable to the Directors and Auditors relating to the fiscal year ended March 31, 2007

|              | Directors                      |                          | Auditors                       |                          |                                |                          |
|--------------|--------------------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|--------------------------|
|              | Number of recipients (persons) | Amount (millions of yen) | Number of recipients (persons) | Amount (millions of yen) | Outside Auditors               |                          |
|              |                                |                          |                                |                          | Number of recipients (persons) | Amount (millions of yen) |
| Remuneration | 15                             | 1,782                    | 5                              | 133                      | 3                              | 24                       |

Note: Maximum amount of remuneration to Directors and Auditors in accordance with the resolutions by General Meetings of Shareholders:

Directors: Within the fixed amount of ¥1 billion per year, plus within the variable amount obtained by multiplying consolidated interim net income for each interim period by the rate of 1/25 of the payout ratio (in percent) (provided, however, that the variable remuneration for the first period shall be paid in the second period of the fiscal year and that for the second period shall be paid in the first period of the following fiscal year.)

Auditors: Within ¥150 million per year

|                     | Directors                      |                          | Auditors                       |                          |                                |                          |
|---------------------|--------------------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|--------------------------|
|                     | Number of recipients (persons) | Amount (millions of yen) | Number of recipients (persons) | Amount (millions of yen) | Outside Auditors               |                          |
|                     |                                |                          |                                |                          | Number of recipients (persons) | Amount (millions of yen) |
| Retirement benefits | 15                             | 1,342                    | 5                              | 23                       | 3                              | 13                       |

Note: The above amounts reflect the reserve for retirement benefits increased during the fiscal year under review.

(3) Matters concerning outside Auditors

1) Concurrent posts of other companies held by the outside Auditors

| Name                  | Company                                        |                                                       |
|-----------------------|------------------------------------------------|-------------------------------------------------------|
| Naoyuki Akikusa       | ADVANTEST CORPORATION<br>ADVANTEST CORPORATION | Outside Auditor (Note 1)<br>Outside Director (Note 2) |
| Tetsunosuke Ishibashi | Nohmi Bosai Ltd.                               | Outside Auditor                                       |

Notes: 1. Retired as of June 27, 2006

2. Assumed office of June 27, 2006

## 2) Major activities

| Name                  | Major activities                                                                                                                                                                                            |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Naoyuki Akikusa       | Mr. Akikusa attended most of the meetings of the Board of Directors and the Board of Auditors and provided various advice based on his wide experience, expertise and knowledge as a corporate executive.   |
| Tetsunosuke Ishibashi | Mr. Ishibashi attended most of the meetings of the Board of Directors and the Board of Auditors and provided various advice based on his wide experience, expertise and knowledge as a corporate executive. |
| Hajime Harada         | Mr. Harada attended most of the meetings of the Board of Directors and the Board of Auditors and provided various advice based on his wide experience, expertise and knowledge as an attorney at law.       |

## 3) Outline of the content of liability limitation agreements

The Company has entered into agreements with outside Auditors Messrs. Naoyuki Akikusa, Tetsunosuke Ishibashi and Hajime Harada to limit their liability for any damage as provided for in Article 423, paragraph 1 of the Corporation Law of Japan in accordance with Article 427, paragraph 1 of the said law. The maximum amount of the liability for any damage under the agreements is the minimum amount of the liability as provided for in laws or ordinances.

## 4. Matters Concerning the Accounting Auditors:

### (1) Name of the Accounting Auditors:

Ernst & Young ShinNihon

### (2) Remuneration, etc. payable to the Accounting Auditors relating to the fiscal year ended March 31, 2007

- 1) The total amount of remuneration, etc. payable to the Accounting Auditors by the Company and its subsidiaries: ¥32 million
- 2) Of the total amount described in 1), remuneration, etc. payable by the Company and its subsidiaries to the Accounting Auditors concerning the audit certification services described in Article 2, paragraph 1 of the Certified Public Accountant Law: ¥32 million
- 3) Of the total amount described in 2), remuneration, etc. payable to the Accounting Auditors by the Company: ¥32 million

(Note) The audit agreement concluded between the Company and the Accounting Auditors does not differentiate between the remuneration payable for audit services pursuant to the Corporation Law, and the amount payable for audit services pursuant to the Securities Exchange Law. Hence, the sum of compensation mentioned in 3) above is the total remuneration.

The financial statements of 39 of the important subsidiaries of the Company, including FANUC Robotics America, Inc., are subject to audits (only as provided for in the

Corporation Law or the Securities Exchange Law (including foreign laws or ordinances equivalent thereto)) by certified public accountants or audit firms (including those having the qualifications equivalent thereto outside of Japan) other than the Accounting Auditors of the Company.

(3) Policy on determination of dismissal and non-reappointment of the Accounting Auditors:

The Accounting Auditors may be dismissed by the Board of Auditors pursuant to Article 340 of the Corporation Law. In addition, in the event that it is considered difficult for the Accounting Auditors to perform their duties properly, the Company shall, upon consent or request from the Board of Auditors, propose to the General Meeting of Shareholders not to reappoint the Accounting Auditors.

**5. Systems to secure the properness of business activities:**

The outline of the resolution adopted by the Company at its Board of Directors with regard to its systems to secure the properness of its business activities is as described below:

(1) Systems concerning storage and management of information on the execution by the Directors of their duties:

Pursuant to its documentation rules, the Company shall document information on the execution by the Directors of their duties and keep the same on file. The Directors and Auditors shall have access to such documents at all times.

(2) Regulations concerning management of exposure to the risk of loss and other systems:

With regard to risks related with compliance with law, environment, disasters, qualities, export control, etc., officers in charge of risk management shall institute rules and guidelines, conduct training, and prepare and distribute manuals. Upon the occurrence of any new risk, any officer responsible therefor shall be designated promptly.

(3) Systems to secure efficient execution by the Directors of their duties:

The Company shall secure efficient execution by the Directors of their duties by using the following management systems:

- (i) Preparation of budgets and reports on monthly settlement of accounts at meetings of the Board of Directors; and
- (ii) Establishment of an Executive Committee comprised of the Honorary Chairman, the President and CEO, Senior Managing Directors, Counselors and Directors.

(4) Systems to secure the execution by the Directors of their duties to comply with laws or ordinances and the Articles of Incorporation:

The Company shall offer to the Directors training with regard to laws or ordinances, the Articles of Incorporation and other internal rules to secure the execution by the Directors of their duties to comply with laws or ordinances and the Articles of Incorporation.

(5) Systems to secure the execution by the employees of their duties to comply with laws or

ordinances and the Articles of Incorporation:

The Company shall offer training to its employees with regard to laws or ordinances, the Articles of Incorporation and other internal rules to secure the execution by the employees of their duties to comply with laws or ordinances and the Articles of Incorporation.

- (6) Systems to secure the properness of business activities of the corporate group comprised of the Company and its subsidiaries:

The officers in charge of risk management set forth in item (2) above shall institute rules and guidelines, conduct training, and prepare and distribute manuals for the Company's subsidiaries whenever necessary. The Directors of the Company have concurrently assumed office of directors of its subsidiaries.

- (7) Systems concerning the assignment of employees to assist the Auditors to execute their duties when the Auditors so request:

The Company shall assign its employees to assist the Auditors to execute their duties whenever necessary.

- (8) System for reports by Directors and employees to the Auditors and other systems to secure effective audits by the Auditors:

By attending meetings of the Board of Directors and the Executive Committee set forth in (3) above, the Auditors shall share information necessary for management with the Directors and employees. In addition, by attending meetings of the Board of Auditors, the Honorary Chairman, the President and CEO and the Counselors shall share information necessary for management with the Auditors.

## Consolidated Balance Sheet

(As of March 31, 2007)

(Millions of yen)

| Titles of Account                     | Amount                | Titles of Account                                         | Amount                |
|---------------------------------------|-----------------------|-----------------------------------------------------------|-----------------------|
| <b><u>(Assets)</u></b>                | <b><u>951,664</u></b> | <b><u>(Liabilities)</u></b>                               | <b><u>131,108</u></b> |
| <b>Current assets</b>                 | <b>675,944</b>        | <b>Current liabilities</b>                                | <b>100,810</b>        |
| Cash and cash equivalents             | 495,796               | Notes and accounts payable - trade                        | 24,914                |
| Notes and accounts receivable — trade | 97,805                | Accrued income taxes                                      | 39,079                |
| Inventories                           | 62,854                | Provisions for after-sales services                       | 5,516                 |
| Deferred tax assets                   | 18,294                | Other                                                     | 31,301                |
| Other                                 | 4,092                 | <b>Long-term liabilities</b>                              | <b>30,298</b>         |
| Allowance for doubtful accounts       | (2,897)               | Reserve for retirement benefits of employees              | 18,488                |
| <b>Fixed assets</b>                   | <b>275,720</b>        | Reserve for retirement benefits of Directors and Auditors | 2,539                 |
| <b>Tangible fixed assets</b>          | <b>200,622</b>        | Other                                                     | 9,271                 |
| Buildings and structures              | 67,001                | <b><u>(Net assets)</u></b>                                | <b><u>820,556</u></b> |
| Machinery and equipment               | 18,540                | <b>Shareholders' equity</b>                               | <b>775,689</b>        |
| Lands                                 | 104,741               | Common stock                                              | 69,014                |
| Other                                 | 10,340                | Capital surplus                                           | 96,229                |
| <b>Intangible fixed assets</b>        | <b>1,441</b>          | Retained earnings                                         | 830,232               |
| <b>Investments and other assets</b>   | <b>73,657</b>         | Treasury stock                                            | (219,786)             |
| Investments and other assets          | 71,623                | <b>Valuation and translation adjustments</b>              | <b>17,880</b>         |
| Other                                 | 2,052                 | Unrealized gain on other marketable securities            | 3,525                 |
| Allowance for doubtful accounts       | (18)                  | Translation adjustment                                    | 14,355                |
|                                       |                       | <b>Minority interests</b>                                 | <b>26,987</b>         |
| <b>Total</b>                          | <b>951,664</b>        | <b>Total</b>                                              | <b>951,664</b>        |

## Consolidated Statement of Income

(April 1, 2006 through March 31, 2007)

(Millions of yen)

| Titles of Account                                        | Amount |                |
|----------------------------------------------------------|--------|----------------|
| <b>Net sales</b>                                         |        | <b>419,560</b> |
| Cost of sales                                            |        | 200,069        |
| <b>Gross profit</b>                                      |        | <b>219,491</b> |
| Selling, general and administrative expenses             |        | 56,561         |
| <b>Operating income</b>                                  |        | <b>162,930</b> |
| Non-operating income                                     |        |                |
| Interest and dividends income                            | 6,441  |                |
| Equity in earnings                                       | 7,181  |                |
| Miscellaneous income                                     | 4,313  | 17,935         |
| Non-operating expenses                                   |        |                |
| Miscellaneous losses                                     | 1,453  | 1,453          |
| <b>Ordinary income</b>                                   |        | <b>179,412</b> |
| <b>Income before income taxes and minority interests</b> |        | <b>179,412</b> |
| Income taxes – current                                   | 67,988 |                |
| Income taxes – deferred                                  | 614    | 68,602         |
| Minority interest in income                              |        | 4,054          |
| <b>Net income</b>                                        |        | <b>106,756</b> |

## Consolidated Statement of Changes in Shareholders' Equity, Etc.

(April 1, 2006 through March 31, 2007)

(Millions of yen)

|                                                                    | Shareholders' equity |                 |                   |                |                            |
|--------------------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------------------------|
|                                                                    | Common stock         | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at March 31, 2006                                          | 69,014               | 96,215          | 753,436           | (154,309)      | 764,357                    |
| Changes during this term:                                          |                      |                 |                   |                |                            |
| Dividends of retained earnings                                     |                      |                 | (29,442)          |                | (29,442)                   |
| Directors' bonuses                                                 |                      |                 | (473)             |                | (473)                      |
| Net income                                                         |                      |                 | 106,756           |                | 106,756                    |
| Purchase of treasury stock                                         |                      |                 |                   | (65,496)       | (65,496)                   |
| Disposal of treasury stock                                         |                      | 13              |                   | 20             | 33                         |
| Others                                                             |                      |                 | (46)              |                | (46)                       |
| Changes during this term not related to shareholders' equity (net) |                      |                 |                   |                |                            |
| Total changes during this term                                     | -                    | 13              | 76,795            | (65,476)       | 11,332                     |
| Balance at March 31, 2007                                          | 69,014               | 96,229          | 830,232           | (219,786)      | 775,689                    |

|                                                                    | Valuation and translation adjustments          |                        |                                             | Minority interests | Total net assets |
|--------------------------------------------------------------------|------------------------------------------------|------------------------|---------------------------------------------|--------------------|------------------|
|                                                                    | Unrealized gain on other marketable securities | Translation adjustment | Total valuation and translation adjustments |                    |                  |
| Balance at March 31, 2006                                          | 4,791                                          | 5,269                  | 10,060                                      | 20,810             | 795,228          |
| Changes during this term:                                          |                                                |                        |                                             |                    |                  |
| Dividends of retained earnings                                     |                                                |                        |                                             |                    | (29,442)         |
| Directors' bonuses                                                 |                                                |                        |                                             |                    | (473)            |
| Net income                                                         |                                                |                        |                                             |                    | 106,756          |
| Purchase of treasury stock                                         |                                                |                        |                                             |                    | (65,496)         |
| Disposal of treasury stock                                         |                                                |                        |                                             |                    | 33               |
| Others                                                             |                                                |                        |                                             |                    | (46)             |
| Changes during this term not related to shareholders' equity (net) | (1,266)                                        | 9,086                  | 7,820                                       | 6,176              | 13,996           |
| Total changes during this term                                     | (1,266)                                        | 9,086                  | 7,820                                       | 6,176              | 25,328           |
| Balance at March 31, 2007                                          | 3,525                                          | 14,355                 | 17,880                                      | 26,987             | 820,556          |

## Notes to Consolidated Financial Statements

### Notes on important information constituting the basis of preparation of consolidated financial statements

1. Matters concerning the scope of consolidation

Number of consolidated subsidiaries and the names of major consolidated subsidiaries

Consolidated subsidiaries: 45 companies

Major consolidated subsidiaries:

FANUC Robotics America, Inc.  
FANUC Robotics Europe S.A.  
FANUC KOREA CORPORATION  
FANUC TAIWAN LIMITED  
FANUC AMERICA CORPORATION  
FANUC ROBOMACHINE EUROPE SALES GmbH  
FANUC INDIA PRIVATE LIMITED  
FANUC EUROPE GmbH  
GE Fanuc Automation CNC Europe S.A.  
FANUC FA SERVICE LTD  
FANUC ROBOT SERVICE LTD  
FANUC LASER SERVICE LTD  
FANUC PERTRONICS LTD  
FANUC SERVO LTD  
FANUC DD MOTOR LTD

Newly established companies, FANUC GERMANY SERVICE GmbH and 2 other companies, were included in the scope of consolidation as subsidiaries in this consolidated fiscal year.

Of the subsidiaries, FANUC KIDEN LTD and others are not consolidated.

Total assets, net sales, net income or loss (corresponding to our share) and retained earnings (corresponding to our share) of these non-consolidated subsidiaries are relatively minor and do not have a material effect on the consolidated financial statements taken as a whole.

2. Matters concerning the application of equity method

The equity method is applied to the following one non-consolidated company in their accounting:  
FANUC KOREA CENTRAL SERVICE CORPORATION

The equity method is applied to the following two companies in their accounting:  
GE Fanuc Automation Corporation  
BEIJING-FANUC Mechatronics CO., LTD.

Newly established company, FANUC KOREA CENTRAL SERVICE CORPORATION, became a non-consolidated subsidiary subject to equity method in this consolidated fiscal year.

Net income or loss (corresponding to our share) and retained earnings (corresponding to our share) of non-consolidated subsidiaries (FANUC KIDEN LTD and others) and related companies (FANUC MAGTRONICS LTD and others) to which the equity method does not apply are relatively minor and do not have a material effect on the consolidated financial statements taken as a whole.

3. Matters concerning the balance sheet date for settlement of consolidated subsidiaries

The closing date of the consolidated subsidiaries is December 31. Their financial statements as of the closing date are used for the purpose of consolidation. Significant transactions, if any, up to the closing date are adequately adjusted for the purpose of consolidation.

#### 4. Matters concerning the accounting standards

##### (1) Standards and methods of valuation of important assets

###### (a) Securities

###### Other securities

###### (Securities with market quotations)

Stated at market values as of the balance sheet date (Unrealized gains and losses are accounted for as a separate component of shareholders' equity, and cost of sales is calculated using the moving-average method.)

###### (Securities without market quotations)

Stated at cost using the moving-average method.

###### (b) Inventories

Stated mainly at cost by using the identified cost method and the gross-average method.

##### (2) Depreciation methods of important depreciable properties

###### (a) Tangible fixed assets

Generally, the declining-balance method. However, the straight-line method is applicable for buildings (except for annexed structures) acquired by the Company and domestic consolidated subsidiaries since April 1, 1998.

###### (b) Intangible fixed assets

Generally, the straight-line method. Software for internal use is amortized by the straight-line method on the estimated useful life of internal use (five years).

##### (3) Standards used in accounting for important accruals

###### (a) Allowance for doubtful accounts

Estimated amounts of uncollectible trade receivables, loans, etc. are provided by using historical experience for ordinary receivables and by evaluating specific accounts, including doubtful accounts.

###### (b) Reserve for retirement benefits of employees

Reserve for retirement benefits is provided in the amount deemed to have accrued, based on actuarially determined retirement benefit obligations and pension assets at the end of the period.

Past service liability is charged by using the straight-line method over a specific number of 10 years within the average service period of employees at the time of its occurrence.

Actuarial differences are charged by using the straight-line method over a specific number of 10 years within the average service period of employees at the time of occurrence from the next consolidated fiscal year and thereafter.

###### (c) Reserve for retirement benefits of Directors and Auditors

To provide for retirement benefits of Directors and Auditors, the Company and its domestic consolidated subsidiaries provide an accrual of retirement benefits payable at the end of the term under review, pursuant to corporate rules.

###### (d) Provisions for after-sales services

Provisions for after-sales services are provided, by taking into consideration the amounts actually occurred in the past, so that such expenses will be recorded in the corresponding period of sales. For special cases, an estimated necessary amount is provided.

##### (4) Other important information constituting the basis of preparation of consolidated financial statements

###### (a) Standards of translation of important foreign-currency denominated assets and liabilities to Japanese yen

Foreign-currency denominated monetary assets and liabilities are translated into Japanese yen by using the spot exchange rate on the closing day of the term under review, and these types of foreign exchange gains and losses from currency translation are recognized in the statement of income. Assets and liabilities of overseas subsidiaries are translated into Japanese yen by using the spot exchange rate on the closing day of the term under review; revenue and expenses are converted using the average exchange rate for the entire term under review. Foreign exchange gains and losses from these types of currency translation are recorded as "Translation adjustment" in shareholders' equity.

###### (b) Accounting for important lease transactions

Financing leases other than those for which the ownership of the leased property is deemed as transfers to the lessee are accounted for primarily as ordinary rental transactions.

- (c) Accounting for consumption tax  
Exclusive of consumption taxes.

5. Valuation of assets and liabilities of consolidated subsidiaries

All assets and liabilities of consolidated subsidiaries are presented using the fair market valuation method.

6. Changes in the important matters constituting the basis of preparation of consolidated financial statements:

As from the fiscal year under review, the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (the Accounting Standards Board of Japan ("ASBJ") Corporate Accounting Standard No.5, December 9, 2005) and the "Implementation Guidance on the Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Corporate Accounting Standard Implementation Guidance No.8, December 9, 2005) are applicable.

The amount equivalent to the previous total shareholders' equity is ¥793,569 million.

**Notes to the consolidated balance sheet**

- |                                                      |                  |
|------------------------------------------------------|------------------|
| 1. Accumulated depreciation of tangible fixed assets | ¥154,427 million |
| 2. Outstanding balance of guaranteed debts           | ¥502 million     |

The Company provides guarantees for housing loans for its employees.

**Notes to the consolidated statement of changes in shareholders' equity, etc.**

1. Class and the total number of shares issued at the end of the consolidated fiscal year under review:  
Shares of common stock 239,508,317 shares
2. Matters concerning dividends:

(1) Amount of dividends paid

| Resolution                                                     | Class of shares        | Total amount of dividends (millions of yen) | Amount of dividend per share (yen) | Record date        | Effective date   |
|----------------------------------------------------------------|------------------------|---------------------------------------------|------------------------------------|--------------------|------------------|
| Ordinary General Meeting of Shareholders held on June 28, 2006 | Shares of common stock | 13,919                                      | 65                                 | March 31, 2006     | June 28, 2006    |
| Meeting of the Board of Directors held on October 27, 2006     | Shares of common stock | 15,523                                      | 72.5                               | September 30, 2006 | December 1, 2006 |
| Total                                                          | /                      | 29,442                                      | /                                  | /                  | /                |

- (2) Dividends the record date for which falls during the fiscal year under review but the effective date for which falls during the next fiscal year

Management will propose the following matters concerning dividends for the shares of common stock in a proposition at the Ordinary General Meeting of Shareholders to be held on June 27, 2007:

- |                                 |                |
|---------------------------------|----------------|
| 1) Total amount of dividends    | ¥16,113million |
| 2) Amount of dividend per share | ¥77.5          |
| 3) Record date                  | March 31, 2007 |
| 4) Effective date               | June 28, 2007  |

Management plans to appropriate retained earnings as funds for dividends.

**Notes to the information per share**

|                       |           |
|-----------------------|-----------|
| Net assets per share: | ¥3,816.91 |
| Net income per share: | ¥499.83   |

## Non-Consolidated Balance Sheet

(As of March 31, 2007)

(Millions of yen)

| Titles of Account                     | Amount                | Titles of Account                                         | Amount                |
|---------------------------------------|-----------------------|-----------------------------------------------------------|-----------------------|
| <b><u>(Assets)</u></b>                | <b><u>752,668</u></b> | <b><u>(Liabilities)</u></b>                               | <b><u>84,813</u></b>  |
| <b>Current assets</b>                 | <b>469,512</b>        | <b>Current liabilities</b>                                | <b>66,787</b>         |
| Cash and cash equivalents             | 357,704               | Accounts payable — trade                                  | 18,841                |
| Notes receivable — trade              | 29,753                | Accounts payable — other                                  | 6,511                 |
| Accounts receivable — trade           | 34,330                | Accrued expenses                                          | 5,949                 |
| Finished goods                        | 8,645                 | Accrued income taxes                                      | 32,183                |
| Raw materials                         | 5,300                 | Advances received                                         | 406                   |
| Work in process                       | 24,421                | Deposits                                                  | 434                   |
| Supplies                              | 110                   | Provisions for after-sales service                        | 2,444                 |
| Deferred tax assets                   | 9,543                 | Other                                                     | 19                    |
| Other                                 | 1,193                 | <b>Long-term liabilities</b>                              | <b>18,026</b>         |
| Allowance for doubtful accounts       | (1,487)               | Reserve for retirement benefits of employees              | 15,487                |
|                                       |                       | Reserve for retirement benefits of Directors and Auditors | 2,539                 |
| <b>Fixed assets</b>                   | <b>283,156</b>        |                                                           |                       |
| <b>Tangible fixed assets</b>          | <b>178,468</b>        | <b><u>(Net Assets)</u></b>                                | <b><u>667,854</u></b> |
| Buildings                             | 53,528                | <b>Shareholders' equity</b>                               | <b>664,329</b>        |
| Structures                            | 2,873                 | <b>Common stock</b>                                       | <b>69,014</b>         |
| Machinery and equipment               | 16,961                | <b>Capital surplus</b>                                    | <b>96,081</b>         |
| Vehicles                              | 111                   | Capital reserve                                           | 96,057                |
| Tools, furniture and fixtures         | 5,782                 | Other capital surplus                                     | 23                    |
| Lands                                 | 96,662                | <b>Retained earnings</b>                                  | <b>719,020</b>        |
| Construction in progress              | 2,551                 | Retained earnings reserve                                 | 8,252                 |
| <b>Intangible fixed assets</b>        | <b>844</b>            | Other retained earnings                                   | 710,768               |
| <b>Investments and other assets</b>   | <b>103,844</b>        | Reserve for research and development                      | 311,800               |
| Investment securities                 | 12,206                | Reserve for special depreciation                          | 24                    |
| Stocks of subsidiaries and affiliates | 83,624                | Reserve for advanced depreciation                         | 74                    |
| Deferred tax assets                   | 6,963                 | General reserve                                           | 303,580               |
| Other                                 | 1,069                 | Retained earnings carried forward                         | 95,291                |
| Allowance for doubtful accounts       | (18)                  | <b>Treasury stock</b>                                     | <b>(219,786)</b>      |
|                                       |                       | <b>Valuation and translation adjustments</b>              | <b>3,525</b>          |
|                                       |                       | Unrealized gain on other marketable securities            | <b>3,525</b>          |
| <b>Total</b>                          | <b>752,668</b>        | <b>Total</b>                                              | <b>752,668</b>        |

## Non-Consolidated Statement of Income

(April 1, 2006 through March 31, 2007)

(Millions of yen)

| Titles of Account                            | Amount  |                |
|----------------------------------------------|---------|----------------|
| Net sales                                    |         | <b>311,238</b> |
| Cost of sales                                |         | 160,004        |
| <b>Gross profit</b>                          |         | <b>151,234</b> |
| Selling, general and administrative expenses |         | 28,580         |
| <b>Operating income</b>                      |         | <b>122,654</b> |
| <b>Non-operating income</b>                  |         |                |
| Interest and dividends income                | 7,637   |                |
| Miscellaneous income                         | 4,248   | 11,885         |
| <b>Non-operating expenses</b>                |         |                |
| Miscellaneous losses                         | 1,476   | 1,476          |
| <b>Ordinary income</b>                       |         | <b>133,063</b> |
| <b>Income before income taxes</b>            |         | <b>133,063</b> |
| Income taxes – current                       | 52,991  |                |
| Income taxes – deferred                      | (1,953) | 51,038         |
| <b>Net income</b>                            |         | <b>82,025</b>  |

## Non-Consolidated Statement of Changes in Shareholders' Equity, Etc.

(April 1, 2006 through March 31, 2007)

(Millions of yen)

|                                                                    | Shareholders' equity |                 |                       |                       |                           |                                      |                                  |                                   |                 |          |                                   |                         |
|--------------------------------------------------------------------|----------------------|-----------------|-----------------------|-----------------------|---------------------------|--------------------------------------|----------------------------------|-----------------------------------|-----------------|----------|-----------------------------------|-------------------------|
|                                                                    | Common stock         | Capital surplus |                       |                       | Retained earnings         |                                      |                                  |                                   |                 |          |                                   |                         |
|                                                                    |                      | Capital reserve | Other capital surplus | Total capital surplus | Retained earnings reserve | Other retained earnings              |                                  |                                   |                 |          | Retained earnings carried forward | Total retained earnings |
|                                                                    |                      |                 |                       |                       |                           | Reserve for research and development | Reserve for special depreciation | Reserve for advanced depreciation | General reserve |          |                                   |                         |
| Balance at March 31, 2006                                          | 69,014               | 96,057          | 10                    | 96,067                | 8,251                     | 294,800                              | 61                               | 81                                | 286,580         | 77,135   | 666,909                           |                         |
| Changes during this term                                           |                      |                 |                       |                       |                           |                                      |                                  |                                   |                 |          |                                   |                         |
| Reserve for research and development                               |                      |                 |                       |                       |                           | 17,000                               |                                  |                                   |                 | (17,000) | -                                 |                         |
| Reversal of reserve for special depreciation                       |                      |                 |                       |                       |                           |                                      | (37)                             |                                   |                 | 37       | -                                 |                         |
| Reversal of reserve for advanced depreciation                      |                      |                 |                       |                       |                           |                                      |                                  | (7)                               |                 | 7        | -                                 |                         |
| General reserve                                                    |                      |                 |                       |                       |                           |                                      |                                  |                                   | 17,000          | (17,000) | -                                 |                         |
| Distribution of retained earnings                                  |                      |                 |                       |                       |                           |                                      |                                  |                                   |                 | (29,442) | (29,442)                          |                         |
| Directors' bonuses                                                 |                      |                 |                       |                       |                           |                                      |                                  |                                   |                 | (473)    | (473)                             |                         |
| Net income                                                         |                      |                 |                       |                       |                           |                                      |                                  |                                   |                 | 82,025   | 82,025                            |                         |
| Purchase of treasury stock                                         |                      |                 |                       |                       |                           |                                      |                                  |                                   |                 |          |                                   |                         |
| Disposal of treasury stock                                         |                      |                 | 13                    | 13                    |                           |                                      |                                  |                                   |                 |          |                                   |                         |
| Changes during this term not related to shareholders' equity (net) |                      |                 |                       |                       |                           |                                      |                                  |                                   |                 |          |                                   |                         |
| Total changes during this term                                     | -                    | -               | 13                    | 13                    | -                         | 17,000                               | (37)                             | (7)                               | 17,000          | 18,154   | 52,110                            |                         |
| Balance at March 31, 2007                                          | 69,014               | 96,057          | 23                    | 96,081                | 8,252                     | 311,800                              | 24                               | 74                                | 303,580         | 95,291   | 719,020                           |                         |

|                                                                    | Shareholders' equity |                            | Valuation and translation adjustments          |                                             | Total net assets |
|--------------------------------------------------------------------|----------------------|----------------------------|------------------------------------------------|---------------------------------------------|------------------|
|                                                                    | Treasury stock       | Total shareholders' equity | Unrealized gain on other marketable securities | Total valuation and translation adjustments |                  |
| Balance at March 31, 2006                                          | (154,309)            | 677,681                    | 4,791                                          | 4,791                                       | 682,473          |
| Changes during this term                                           |                      |                            |                                                |                                             |                  |
| Reserve for research and development                               |                      | -                          |                                                |                                             | -                |
| Reversal of reserve for special depreciation                       |                      | -                          |                                                |                                             | -                |
| Reversal of reserve for advanced depreciation                      |                      | -                          |                                                |                                             | -                |
| General reserve                                                    |                      | -                          |                                                |                                             | -                |
| Distribution of retained earnings                                  |                      | (29,442)                   |                                                |                                             | (29,442)         |
| Directors' bonuses                                                 |                      | (473)                      |                                                |                                             | (473)            |
| Net income                                                         |                      | 82,025                     |                                                |                                             | 82,025           |
| Purchase of treasury stock                                         | (65,496)             | (65,496)                   |                                                |                                             | (65,496)         |
| Disposal of treasury stock                                         | 20                   | 33                         |                                                |                                             | 33               |
| Changes during this term not related to shareholders' equity (net) |                      |                            | (1,266)                                        | (1,266)                                     | (1,266)          |
| Total changes during this term                                     | (65,476)             | (13,353)                   | (1,266)                                        | (1,266)                                     | (14,619)         |
| Balance at March 31, 2007                                          | (219,786)            | 664,329                    | 3,525                                          | 3,525                                       | 667,854          |

## Notes to Non-Consolidated Financial Statements

### Notes on the matters concerning significant accounting policies

1. Standards and methods of evaluation of securities
  - Stocks of subsidiaries and affiliates: Stated at cost using the moving-average method.
  - Other securities
    - Securities with market quotations  
Stated at market values as of the balance sheet date (Unrealized gains and losses are accounted for as a separate component of shareholders' equity, and cost of sales is calculated using the moving-average method.)
    - Securities without market quotations  
Stated at cost using the moving-average method.
2. Standard and method of valuation of inventories
  - Finished goods and work in progress: Stated mainly at cost using the identified cost method and the gross-average method.
  - Raw materials: Stated at cost using the last-purchase-price method.
  - Supplies: Stated at cost using the first-in, first-out method.
3. Depreciation methods for tangible fixed assets  
Declining-balance method. (However, the straight-line method is applied for buildings, except for annexed structures, acquired since April 1, 1998 and thereafter.)
4. Standards used in accounting for important accruals
  - 1) Allowance for doubtful accounts  
Estimated amounts of uncollectible trade receivables, loans, etc. are provided by using historical experience for ordinary receivables and by evaluating specific accounts, including doubtful accounts.
  - 2) Provisions for after-sales services  
Provisions for after-sales services are provided, by taking into consideration the amounts actually occurred in the past, so that such expenses will be recorded in the corresponding period of sales. For special cases, an estimated necessary amount is provided.
  - 3) Reserve for retirement benefits of employees  
Reserve for retirement benefits is provided in the amount deemed to have accrued, based on actuarially determined retirement benefit obligations and pension assets at the end of the period. Past service liability is charged by using the straight-line method over a specific number of 10 years within the average service period of employees at the time of its occurrence. Actuarial differences are charged by using the straight-line method over a specific number of 10 years within the average service period of employees at the time of occurrence from the next consolidated fiscal year and thereafter.
  - 4) Reserve for retirement benefits of Directors and Auditors  
To provide for the retirement benefits of Directors and Auditors, the Company provides a reserve for retirement benefits payable at the end of the term under review pursuant to Company rules.
5. Accounting for lease transactions  
Financing leases other than those for which the ownership of the leased property is deemed as transfers to the lessee are accounted for primarily as ordinary rental transactions.
6. Accounting for consumption tax  
All amounts presented in these financial statements are exclusive of consumption taxes.

### Notes on changes in the significant accounting policies:

Accounting Standard for Presentation of Net Assets in the Balance Sheet:

As from the fiscal year under review, the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Corporate Accounting Standard No.5, December 9, 2005) and the "Implementation Guidance on the Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Corporate Accounting Standard Implementation Guidance No.8, December 9, 2005) are applicable. The amount equivalent to the previous total shareholders' equity is ¥667,854 million.

**Notes to the non-consolidated balance sheet**

|                                                                                          |                  |
|------------------------------------------------------------------------------------------|------------------|
| 1. Accumulated depreciation of tangible fixed assets                                     | ¥138,227 million |
| 2. Outstanding balance of guaranteed debts                                               | ¥502 million     |
| The Company provides guarantees for housing loans for its employees.                     |                  |
| 3. Monetary receivables from, and monetary debts payable to, subsidiaries and affiliates |                  |
| Short-term monetary receivables from subsidiaries and affiliates                         | ¥13,093 million  |
| Long-term monetary receivables from subsidiaries and affiliates                          | ¥600 million     |
| Short-term monetary debts payable to subsidiaries and affiliates                         | ¥1,584 million   |

**Notes to the non-consolidated statement of income**

|                                                         |                  |
|---------------------------------------------------------|------------------|
| Transactions with subsidiaries and affiliates           |                  |
| Net sales to subsidiaries and affiliates                | ¥151,078 million |
| Amount of procurements from subsidiaries and affiliates | ¥8,646 million   |
| Transactions other than operating transactions          | ¥13,084 million  |

**Notes to the non-consolidated statement of changes in shareholders' equity, etc.**

|                                                                                             |                   |
|---------------------------------------------------------------------------------------------|-------------------|
| Class and the number of shares of treasury stock at the end of the fiscal year under review |                   |
| Shares of common stock:                                                                     | 31,599,875 shares |

**Notes to tax effect accounting**

Principal details of deferred tax assets and deferred tax liabilities

|                                                |                  |
|------------------------------------------------|------------------|
| Deferred tax assets                            |                  |
| Reserve for retirement benefits of employees   | ¥6,195 million   |
| Depreciation expense                           | ¥3,126 million   |
| Accrued enterprise taxes                       | ¥2,460 million   |
| Accrued expenses                               | ¥2,115 million   |
| Others                                         | ¥5,025 million   |
| Total deferred tax assets                      | ¥18,921 million  |
| Deferred tax liabilities                       |                  |
| Reserve for advanced depreciation              | (¥49 million)    |
| Reserve for special depreciation               | (¥16 million)    |
| Unrealized gain on other marketable securities | (¥2,350 million) |
| Total deferred tax liabilities                 | (¥2,415 million) |
| Net deferred tax assets (liabilities)          | ¥16,506 million  |

**Notes to the fixed assets used on lease**

In addition to the fixed assets listed in the balance sheet, part of office equipment is used pursuant to finance lease agreements in which the ownership of leased property shall not be transferred to the Company.

**Note to the information per share**

|                          |           |
|--------------------------|-----------|
| 1. Net assets per share: | ¥3,212.25 |
| 2. Net income per share: | ¥384.04   |

## Certified Copy of the Independent Auditor's Report Concerning Consolidated Financial Statements

### INDEPENDENT AUDITOR'S REPORT

May 10, 2007

The Board of Directors  
FANUC LTD

We have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc. and the notes to consolidated financial statements of FANUC LTD (the "Company"), applicable to its consolidated fiscal year from April 1, 2006 to March 31, 2007 pursuant to Article 444, paragraph 4 of the Corporation Law of Japan. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements from an independent standpoint.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting policies and methods of application thereof employed by management and estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

We are of the opinion that the above consolidated financial statements present properly the financial position and profit and loss of the corporate group comprised of FANUC LTD and its consolidated subsidiaries for the period related to the consolidated financial statements in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

We have no financial interest in the Company which is required to be disclosed under the provisions of the Certified Public Accountants Law.

Ernst & Young ShinNihon

Designated Partner, Engagement Partner  
Certified Public Accountant: Kazuhiko Kamiya

Designated Partner, Engagement Partner  
Certified Public Accountant: Toshiharu Momoi

Designated Partner, Engagement Partner  
Certified Public Accountant: Hitoshi Yonemura

## Certified Copy of the Independent Auditor's Report

### INDEPENDENT AUDITOR'S REPORT

May 10, 2007

The Board of Directors  
FANUC LTD

We have audited the balance sheet, the statement of income, the statement of changes in shareholders' equity, etc. and the notes to non-consolidated financial statements, and the supplementary financial schedules of FANUC LTD (the "Company"), applicable to its 38th fiscal year from April 1, 2006 to March 31, 2007 pursuant to Article 436, paragraph 2, item 1 of the Corporation Law of Japan. These financial statements and the supplementary financial schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the supplementary financial schedules from an independent standpoint.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require us to obtain reasonable assurance about whether the financial statements and the supplementary financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence, assessing the accounting policies and methods of application thereof employed by management and estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary financial schedules. We believe that our audit provides a reasonable basis for our opinion.

We are of the opinion that the above financial statements and the supplementary financial schedules present properly the financial position and profit and loss for the period related to the financial statements and the supplementary financial schedules in all material respects in conformity with the corporate accounting standards generally accepted in Japan.

We have no financial interest in the Company which is required to be disclosed under the provisions of the Certified Public Accountants Law.

Ernst & Young ShinNihon

Designated Partner, Engagement Partner  
Certified Public Accountant: Kazuhiko Kamiya

Designated Partner, Engagement Partner  
Certified Public Accountant: Toshiharu Momoi

Designated Partner, Engagement Partner  
Certified Public Accountant: Hitoshi Yonemura

## Certified Copy of the Audit Report of the Board of Auditors

### AUDITORS' REPORT

We, the Board of Auditors of the Company, based on the audit report prepared by each Auditor on the performance by the Directors of their duties during the 38th fiscal year from April 1, 2006 to March 31, 2007, prepared this audit report upon deliberation and hereby report as follows:

#### 1. Method of Audit by the Auditors and the Board of Auditors and the Particulars thereof:

The Board of Auditors determined the audit policy, audit plans, etc. and received from each Auditor reports on the state of his performance of audits and the results thereof. The Board also received from the Directors, etc. and the Account Auditors reports on the state of performance of their duties and demanded their explanations whenever necessary.

Each Auditor, in accordance with the audit policy, assignment of duties, etc. determined by the Board of Auditors, maintained constant communication with the Directors and employees, etc. in an effort to collect information and improve the environment for auditing, attended meetings of the Board of Directors and other important meetings, received from the Directors and employees, etc. reports on the state of performance of their duties, demanded their explanations whenever necessary, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and principal business offices of the Company.

We also monitored and verified the details of the resolutions of the Board of Directors for establishing systems to secure that the performance by the Directors of their duties will comply with laws or ordinances and the Articles of Incorporation and such other systems provided for in Article 100, paragraphs 1 and 3 of the Regulations to Enforce the Corporation Law of Japan as necessary to secure the adequacy of business of joint-stock corporations, as well as the status of the systems (internal control systems) established pursuant to such resolutions. With regard to its subsidiaries, we maintained constant communication and exchanged information with the directors, Auditors, etc. thereof and required the subsidiaries to render reports on their business operations whenever necessary. In accordance with such methods, we investigated the business report and its supplementary schedules for the fiscal year under review.

We also monitored and verified whether the Account Auditors had maintained an independent position and conducted adequate audits, and received from the Account Auditors reports on the state of performance of their duties and demanded their explanations whenever necessary. In addition, we received from the Account Auditors a notice that the "systems to secure adequate performance of duties" (as listed in the items of Article 159 of the Corporate Accounting Regulations) had been established in accordance with the "Standard for Quality Control Concerning Audits" (the Accounting Standards Board of Japan, October 28, 2005) and demanded their explanations whenever necessary.

In accordance with such methods, we investigated the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, etc. and the notes to non-consolidated financial statements) and the supplementary financial schedules, as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, etc. and the notes to consolidated financial statements), for the fiscal year under review.

#### 2. Results of Audit:

##### (1) Results of audit of the business report, etc.:

We are of the opinion:

- (i) That the business report and its supplementary schedules fairly presents the state of the Company in accordance with laws or ordinances and the Articles of Incorporation;
- (ii) That in connection with the performance by the Directors of their duties, no dishonest act or material

fact of violation of laws or ordinances or the Articles of Incorporation exists; and

(iii) That the details of the resolutions of the Board of Directors on internal control systems are proper and that the performance by the Directors of their duties concerning such internal control systems contains nothing to be pointed out.

(2) Results of audit of the non-consolidated financial statements and the supplementary financial schedules:

We are of the opinion that the method and results of the audit made by the Account Auditors, Ernst & Young ShinNihon, are proper.

(3) Results of audit of the consolidated financial statements:

We are of the opinion that the method and results of the audit made by the Account Auditors, Ernst & Young ShinNihon, are proper.

May 14, 2007

The Board of Auditors  
FANUC LTD

Naoki Shimizu (seal)  
Full-time Auditor

Norio Otsuka (seal)  
Full-time Auditor

Naoyuki Akikusa (seal)  
Outside Auditor

Tetsunosuke Ishibashi (seal)  
Outside Auditor

Hajime Harada (seal)  
Outside Auditor

## Reference Materials for the Ordinary General Meeting of Shareholders

### **Item 1 Appropriation of Retained Earnings**

The Company continues its efforts to enhance its business structure going forward in order to return profits to its shareholders in proportion to its consolidated business results.

While it is our basic policy to provide stable dividend payments to our shareholders, we will also strive to secure a payout ratio of at least 30% of our consolidated net income for the fiscal year. In addition, we will acquire our own shares as necessary in consideration of stock market conditions.

As is the case with dividend payments, we have established a policy to link bonuses to Directors and employees, who strive to secure profitability under severe market competition, to consolidated net income .

Since we operate in a fiercely competitive leading-edge industry—characterized by rapid technological innovation—, we will use internal reserves under our medium- to long-term plan to develop new products, robotize production processes, strengthen overseas business, and expeditiously undertake merger and acquisition activities beneficial to our business.

Based on the above-mentioned basic policies concerning the distribution of profits, we would like to pay the year-end dividends for the fiscal year under review as shown below.

This will bring the total amount of annual dividends paid to ¥150 per share, including ¥72.50 paid in December of last year as an interim dividend, representing an overall increase of ¥54 from the previous fiscal year.

① Type of property to be distributed as dividends

Cash

② Allocation of property to be distributed as dividends and the total amount thereof

¥77.50 per share of common stock of the Company

Total amount of dividends: ¥16,112,904,255

③ Effective date of the distribution of retained earnings

June 28, 2007

### Item 3 Election of Thirteen (13) Directors

The term of office of fourteen (14) Directors will expire at the conclusion of the meeting. Accordingly, the election of the following thirteen (13) Directors is proposed.

Details of the nominees are described below:

| Nominee's number | Name<br>(Date of birth)             | Personal history and<br>Representation of other companies                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                       | Number of shares of<br>the Company held by<br>nominee |
|------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| 1                | Yoshiharu Inaba<br>(July 23, 1948)  | April, 1973<br>September, 1983<br>June, 1989<br><br>June, 1992<br><br>June, 1995<br>May, 2001<br>June, 2003                                                                                          | Joined Isuzu Motors Limited<br>Joined the Company<br>Appointed Director of the<br>Company<br>Appointed Senior Vice<br>Managing Director of the<br>Company<br>Appointed Senior Managing<br>Director of the Company<br>Appointed Vice President of the<br>Company (*)<br>Appointed President and CEO<br>of the Company (*) (to the<br>present)<br><br>(* Representative Director<br>under the former Commercial<br>Code | 2,500 shares                                          |
|                  |                                     | Representation of other companies<br>Chairman, FANUC AMERICA CORPORATION<br>Chairman, FANUC EUROPE GmbH<br>Chairman, FANUC ROBOMACHINE EUROPE<br>SALES GmbH<br>Chairman, FANUC INDIA PRIVATE LIMITED |                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                       |
| 2                | Mitsuo Kurakake<br>(August 5, 1945) | April, 1970<br>May, 1976<br>January, 1987<br><br>June, 1989<br>June, 1991<br><br>April, 2005<br>April, 2007                                                                                          | Joined Fujitsu Limited<br>Transferred to the Company<br>Vice General Manager, Product<br>Development Laboratory of the<br>Company<br>Appointed Director of the<br>Company<br>Appointed Senior Vice<br>Managing Director of the<br>Company<br>Appointed Senior Managing<br>Director of the Company (to the<br>present)<br>General Manager, Hardware<br>Research Joint Division of the<br>Company (to the present)      | 1,018 shares                                          |

| Nominee's number | Name<br>(Date of birth)                 | Personal history and<br>Representation of other companies                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Number of shares of<br>the Company held by<br>nominee |
|------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| 3                | Katsuo Kohari<br>(August 12, 1942)      | <p>April, 1968</p> <p>May, 1976</p> <p>July, 1988</p><br><p>January, 1999</p><br><p>April, 2003</p><br><p>June, 2003</p><br><p>May, 2004</p><br><p>January, 2005</p><br><p>April, 2005</p> | <p>Joined Fujitsu Limited</p> <p>Transferred to the Company</p> <p>Vice General Manager, Product Development Laboratory of the Company</p> <p>Executive Vice President of GE Fanuc Automation Americas, Inc.</p> <p>Assistant to the Group Executive, Sales &amp; Service Group of the Company</p> <p>Appointed Director of the Company</p> <p>Appointed Senior Vice Managing Director of the Company</p> <p>General Manager, FA Overseas Sales Joint Division of the Company (to the present)</p> <p>Appointed Senior Managing Director of the Company (to the present)</p> | 5,116 shares                                          |
| 4                | Atsushi Watanabe<br>(December 19, 1954) | <p>April, 1978</p> <p>October, 1994</p><br><p>June, 1995</p><br><p>June, 1999</p><br><p>April, 2002</p><br><p>May, 2004</p>                                                                | <p>Joined the Company</p> <p>General Manager, Robot Laboratory of the Company</p> <p>Appointed Director of the Company</p> <p>Appointed Senior Vice Managing Director of the Company</p> <p>Appointed Senior Managing Director of the Company (to the present)</p> <p>General Manager, Robot Sales Joint Division of the Company (to the present)</p>                                                                                                                                                                                                                        | 400 shares                                            |

| Nominee's number | Name<br>(Date of birth)              | Personal history and<br>Representative position held in other companies                                              |                                                                                                                                                                                                                                                                                                                                                                                                                      | Number of shares of<br>the Company held by<br>nominee |
|------------------|--------------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| 5                | Shinichi Tanzawa<br>(August 5, 1959) | April, 1983<br>July, 1990<br><br>June, 2000<br><br>October, 2001<br><br>April, 2002<br><br>May, 2007                 | Joined the Company<br>Appointed Vice President,<br>GMFanuc Robotics Europe<br>GmbH<br>Appointed Director of the<br>Company<br>Appointed Senior Vice<br>Managing Director of the<br>Company<br>Appointed Senior Managing<br>Director of the Company (to the<br>present)<br>Group Executive, Finance &<br>Accounting and Facility<br>Planning Group of the Company<br>(to the present)                                 | 1,000 shares                                          |
| 6                | Hideo Kojima<br>(February 21, 1958)  | April, 1983<br>January, 1991<br>April, 1995<br><br>June, 2001<br><br>June, 2003<br><br>April, 2006<br><br>June, 2006 | Joined the Company<br>Manager, Secretary Section<br>Manager, Personnel Department<br>of the Company (to the present)<br>Appointed Director of the<br>Company<br>Appointed Senior Vice<br>Managing Director of the<br>Company<br>Group Executive, the Personnel,<br>Legal and General Affairs<br>Group of the Company (to the<br>present)<br>Appointed Senior Managing<br>Director of the Company (to the<br>present) | 1,000 shares                                          |
| 7                | Mitsuto Miyata<br>(February 1, 1947) | April, 1970<br>May, 1976<br>July, 1988<br><br>June, 1989<br><br>June, 1993<br><br>June, 1995<br><br>April, 2007      | Joined Fujitsu Limited<br>Transferred to the Company<br>Vice General Manager, Product<br>Development Laboratory of the<br>Company<br>Appointed Director of the<br>Company<br>Appointed Senior Vice<br>Managing Director of the<br>Company<br>Appointed Senior Managing<br>Director of the Company (to the<br>present)<br>General Manager, Software<br>Research Joint Division of the<br>Company                      | 2,208 shares                                          |

| Nominee's number | Name<br>(Date of birth)              | Personal history and<br>Representative position held in other companies                            |                                                                                                                                                                                                                                                                                                                                                              | Number of shares of<br>the Company held by<br>nominee |
|------------------|--------------------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| 8                | Hiroshi Araki<br>(December 20, 1948) | July, 1971<br>May, 1976<br>June, 2000<br><br>May, 2001<br><br>June, 2003<br><br>January, 2007      | Joined Fujitsu Limited<br>Transferred to the Company<br>Appointed Director of the<br>Company<br>Appointed Senior Vice<br>Managing Director of the<br>Company<br>Appointed Senior Managing<br>Director of the Company (to the<br>present)<br>General Manager, Tsukuba<br>Factory of the Company (to the<br>present)                                           | 500 shares                                            |
| 9                | Hiroyuki Uchida<br>(June 12, 1958)   | April, 1982<br>April, 1996<br><br>June, 1997<br><br>May, 2001<br><br>June, 2006<br><br>April, 2007 | Joined the Company<br>Deputy General Manager, Servo<br>Laboratory of the Company<br>Appointed Director of the<br>Company<br>Appointed Senior Vice<br>Managing Director of the<br>Company<br>Appointed Senior Managing<br>Director of the Company (to the<br>present)<br>General Manager, Servo<br>Research Joint Division of the<br>Company (to the present) | 696 shares                                            |
| 10               | Hideaki Inoue<br>(October 27, 1956)  | April, 1979<br>April, 1999<br>June, 2001<br><br>April, 2002<br><br>June, 2003<br><br>April, 2005   | Joined the Company<br>Senior Chief Engineer (FA)<br>Appointed Director of the<br>Company<br>Appointed Senior Vice<br>Managing Director of the<br>Company<br>Appointed Senior Managing<br>Director of the Company (to the<br>present)<br>Group Executive, Operation in<br>China of the Company (to the<br>present)                                            | 488 shares                                            |

| Nominee's number | Name<br>(Date of birth)                     | Personal history and<br>Representative position held in other companies                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                | Number of shares of<br>the Company held by<br>nominee |
|------------------|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| 11               | Nobutoshi Torii<br>(February 21, 1950)      | April, 1976<br>April, 1990<br><br>June, 1991<br><br>May, 2001<br><br>October, 2004<br><br>June, 2006<br><br>June, 2006 | Joined the Company<br>Senior Vice General Manager,<br>Product Development<br>Laboratory of the Company<br>Appointed Director of the<br>Company<br>Appointed Senior Vice<br>Managing Director of the<br>Company<br>General Manager, Overseas<br>Robot Sales Division of the<br>Company (to the present)<br>Resigned as Senior Vice<br>Managing Director of the<br>Company<br>Appointed Managing Officer of<br>the Company (to the present)      | 300 shares                                            |
| 12               | Yoshihiro Gonda<br>(July 24, 1960)          | April, 1984<br>October, 2000<br><br>June, 2001<br><br>May, 2005<br><br>June, 2006<br><br>June, 2006<br><br>May, 2007   | Joined the Company<br>Assistant to the Group<br>Executive, Finance Group<br>(Purchasing) of the Company<br>Appointed Director of the<br>Company<br>Appointed Senior Vice<br>Managing Director of the<br>Company<br>Resigned as Senior Vice<br>Managing Director of the<br>Company<br>Appointed Managing Officer of<br>the Company (to the present)<br>Group Executive, Price & Cost<br>and Purchasing Group of the<br>Company (to the present) | 1,764 shares                                          |
| 13               | Richard<br>E.Schneider<br>(August 14, 1956) | February, 1984<br><br>July, 1991<br><br>September, 1994<br>September, 1997<br><br>June, 2006                           | Joined FANUC Robotic<br>America, Inc.<br>Vice President of the company<br>above<br>Director of the company above<br>President & CEO of the<br>company above (to the present)<br>Appointed Director of the<br>Company (to the present)                                                                                                                                                                                                          | 500 shares                                            |

### Item 3 Election of Four (4) Auditors

The term of office of full-time Auditors Naoki Shimizu and Nobuo Otsuka and Auditors Naoyuki Akikusa and Tetsunosuke Ishibashi will expire at the conclusion of the meeting. Accordingly, the election of the following four (4) Auditors is proposed.

Details of the nominees are described below.

The Board of Auditors has consented to the submission of this item.

| Nominee's number | Name<br>(Date of birth)                | Personal history and<br>Representation of other companies                                                           |                                                                                                                                                                                                                                                                                                                                          | Number of shares<br>of the Company<br>held by nominee |
|------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| 1                | Naoki Shimizu<br>(July 10, 1959)       | April, 1982<br>August, 1993<br><br>January,<br>1999<br>June, 2003                                                   | Joined the Company<br>Manager, Management Research<br>Office of the Company<br>Director of GE Fanuc Automation<br>Americas, Inc.<br>Appointed full-time Auditor of the<br>Company (to the present)                                                                                                                                       | 1,000 shares                                          |
| 2                | Nobuo Otsuka<br>(June 9, 1938)         | April, 1962<br>May, 1976<br>July, 1988<br><br>June, 2000                                                            | Joined Fujitsu Limited<br>Transferred to the Company<br>Manager, Finance & Accounting<br>Dept. of the Company<br>Appointed full-time Auditor of the<br>Company (to the present)                                                                                                                                                          | 500 shares                                            |
| 3                | Naoyuki Akikusa<br>(December 12, 1938) | April, 1961<br>June, 1988<br><br>June, 1991<br><br>June, 1992<br><br>June, 1998<br><br>June, 2003<br><br>June, 2003 | Joined Fujitsu Limited<br>Member of the Board of the<br>company above<br>Senior Vice President of the<br>company above<br>Executive Vice President of the<br>company above<br>President & CEO of the company<br>above<br>Chairman & CEO of the company<br>above (to the present)<br>Appointed Auditor of the<br>Company (to the present) | Nil                                                   |
|                  |                                        | Representation of other companies<br>Chairman & CEO, Fujitsu Limited                                                |                                                                                                                                                                                                                                                                                                                                          |                                                       |
| 4                | Takeo Nakagawa<br>(October 12, 1938)   | May, 1999<br><br>October, 2000                                                                                      | Professor Emeritus, The<br>University of Tokyo (to the<br>present)<br>President & CEO, FINETECH<br>CO., LTD. (to the present)                                                                                                                                                                                                            | 1,060 shares                                          |

#### Notes:

1. Naoyuki Akikusa and Takeo Nakagawa are both nominees for outside auditors as defined in Item 16, Article 2 of the Corporation Law of Japan.
2. (i) Naoyuki Akikusa would advise on our management from a wide view, making the best use of experience of management. We thus recommend his election to the Board of Auditors as

an outside Auditor. And at the conclusion of this meeting, he will have served as an outside Auditor for 4 years.

- (ii) Takeo Nakagawa would advise on our management from a wide view, making the best use of experience of university professor and management. We thus recommend his election to the Board of Auditors as an outside Auditor.
3. (i) We have entered into an agreement with Naoyuki Akikusa limiting his liability as defined under Paragraph 1, Article 423 of the Corporation Law, in accordance with Paragraph 1, Article 427 of the Corporation Law.
- (ii) If Item 3 is approved, we will enter into an agreement with Takeo Nakagawa limiting his liability as defined under Paragraph 1, Article 423 of the Corporation Law, in accordance with Paragraph 1, Article 427 of the Corporation Law.

#### **Item 4 Revision to Annual Amount of Compensation Payable to Auditors**

It was agreed at the 37th Ordinary General Meeting of Shareholders held on June 28, 2006, that the annual amount of remuneration payable to Auditors should be no more than ¥150 million, and this annual aggregate ceiling amount remains unchanged since then. However, in light of the increase of level of remuneration payable to Directors which was made last year, the expansion of duties and responsibilities of Auditors under the new Corporation Law, and other diverse circumstances, we would like to obtain a shareholder resolution to newly stipulate that the annual aggregate ceiling amount of remuneration payable to Auditors shall be ¥200 million.

The total number of Auditors will be 5 if Item 3 is approved.

## Item 5 Presentation of Retirement Benefits to Retired and Retiring Directors

In appreciation of the services by the retired and retiring Directors, we wish to present retirement bonuses, within a range of suitable amounts to be determined in accordance with our prescribed standards, to Mr. Shigeaki Oyama who retired as Director on August 25, 2006, and to Messrs. Hajimu Kishi, Dong Kee Kim and Olaf C. Gehrels who are to retire as Directors at the closing of this General Meeting of Shareholders.

We further propose that the actual amount of retirement benefits, timing, and method of presentation be left to a resolution by the Board of Directors.

The personal histories of the retired and retiring Directors are described below:

| Name            | Personal history                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shigeaki Oyama  | June, 1985<br>June, 1987<br>June, 1989<br>June, 1998<br>June, 1999<br>June, 2003<br>June, 2006<br>August, 2006 | Director of the Company<br>Senior Vice Managing Director of the Company<br>Vice President of the Company<br>Vice President of the Company(*)<br>President and CEO of the Company(*)<br>Chairman, and CMO, and CIO of the Company(*)<br>Chairman, and CMO, and CIO of the Company<br>Retired as Chairman, and CMO, and CIO of the Company<br>(*) Representative Director under the former Commercial Code |
| Hajimu Kishi    | June, 1985<br>June, 1989<br>April, 2005                                                                        | Director of the Company<br>Senior Vice Managing Director of the Company<br>Senior Managing Director of the Company (to the present)                                                                                                                                                                                                                                                                      |
| Dong Kee Kim    | June, 2006                                                                                                     | Director of the Company (to the present)                                                                                                                                                                                                                                                                                                                                                                 |
| Olaf C. Gehrels | June, 2006                                                                                                     | Director of the Company (to the present)                                                                                                                                                                                                                                                                                                                                                                 |

For your reference, a total of ¥ 375 million were paid to fifteen (15) retiring Directors as their retirement bonuses in accordance with the resolution at the 37th Ordinary General Meeting of Shareholders held on June 28, 2006.

End.