

(TRANSLATION)

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(Securities code: 6954)  
June 6, 2014

**To Our Shareholders**

Yoshiharu Inaba  
President and Chief Executive Officer  
**FANUC CORPORATION**  
3580, Shibokusa Aza-Komanba, Oshino-mura,  
Minamitsuru-gun, Yamanashi Prefecture

**Notice of Convocation of  
The 45th Ordinary General Meeting of Shareholders**

Dear Shareholders,

You are cordially invited to attend the 45th Ordinary General Meeting of Shareholders of FANUC CORPORATION. The meeting will be held as described below.

**If you are unable to attend the meeting, you can exercise your voting rights by either of the following methods. Hence, please review the Reference Materials for the Ordinary General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. (Japan time), Thursday, June 26, 2014.**

**[Exercise of voting rights by Voting Rights Exercise Form]**

Please indicate your votes for or against each of the proposals in the enclosed Voting Rights Exercise Form and return the form to us by the above-mentioned deadline.

**[Exercise of voting rights by electronic methods (the Internet)]**

Please access the website (<http://www.tosyodai54.net>) and enter your votes for or against each of the proposals in accordance with the guidance on the screen by the above-mentioned deadline. If you have any questions, please contact the administrator of FANUC CORPORATION's shareholder register, Tokyo Securities Transfer Agent Co., Ltd. (Phone: 0120-88-0768).

Description

1. **Date:** Friday, June 27, 2014, 10:00 a.m.
2. **Place:** Main Hall, FANUC Headquarters, 3580, Shibokusa Aza-Komanba, Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture
3. **Agenda of the Meeting**
  - Matters to be reported:** Report on the business report, the non-consolidated financial statements, the consolidated financial statements and the results of audit of the consolidated financial statements by the Independent Auditors and the Board of Auditors for the 45th fiscal year (from April 1, 2013 to March 31, 2014).
  - Matters to be resolved:**
    - Item 1:** Dividend for the Second Half of Fiscal 2013
    - Item 2:** Partial Amendment to the Articles of Incorporation
    - Item 3:** Election of twelve (12) Directors
    - Item 4:** Election of one (1) Auditor
    - Item 5:** Revision of the Annual Amount of Remuneration Payable to Auditors
4. **Other Matters Determined Concerning the General Meeting of Shareholders**
  - (1) If voting rights are exercised by both the enclosed Voting Rights Exercise Form and the electronic method, the votes exercised by the electronic method shall be effective.
  - (2) If voting rights are exercised twice or more by electronic methods, the votes last exercised shall be effective.

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

\* Part of the Attachments to the Notice of Convocation of the General Meeting of Shareholders to be provided to you shall be deemed to be delivered to you by posting them on our Internet website (<http://www.fanuc.co.jp>).

\* In the event of any revision of the Attachments to the Notice of Convocation of the General Meeting of Shareholders and the Reference Materials for the Ordinary General Meeting of Shareholders, it will be posted on our Internet website (<http://www.fanuc.co.jp>).

# Attachments to the Notice of Convocation of the General Meeting of Shareholders

## **BUSINESS REPORT** (April 1, 2013 through March 31, 2014)

### 1. Matters concerning the situations of FANUC Group

#### (1) Business trends and achievements

In the first half of the 2013 fiscal year, though there was favorable activity such as the American market remaining in good condition, demands remained weak as a whole with the Chinese market being slow to recover and Japanese and European markets being stagnant.

In the second half, however, business gradually entered into an upward trend as market conditions recovered due to the depreciation of the yen becoming effective and increase in facility investments in the manufacturing industry.

Under these circumstances, the FANUC Group set up a new scheme in which business divisions were established for each product line consisting of FA, Robots and ROBOMACHINES. The relevant development laboratories and sales departments were placed under the supervision of each division, which is headed by a general manager who oversees the entire division. With this arrangement, FANUC has returned to its origins, whereby development laboratories collaborate closely with sales departments, focusing on their distinctive product's market, to understand customers' requirements quickly and correctly and immediately reflect these in product development. The new arrangement contributes to the further promotion of high performance and intelligence of products while sticking to the basics of high reliability in research and development. As for manufacturing, FANUC has continued to enhance productivity through robotization. With these activities, best efforts were made to improve competitiveness.

As a result, during the fiscal year ended March 31, 2014, FANUC posted consolidated net sales totaling ¥450,976 million, down 9.5%, consolidated ordinary income totaling ¥174,360 million, down 8.8%, and consolidated net income totaling ¥110,930 million, down 7.9%, compared with the previous fiscal year.

Following is a summary of results for each business group:

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

The machine tool industries, the primary market for FANUC CNC systems, generally remained in a difficult condition domestically and abroad. In the second half of the period, however, demands picked up due to the stabilization of the weak Japanese yen and other factors, and sales of FANUC CNC systems which had continued to face difficult conditions, showed moderate signs of recovery.

New developments in FANUC CNC include the "FANUC Series 0i MODEL F" which is an upgrade to the highly reliable and exceedingly cost-effective "FANUC Series 0i-MODEL D." The new series boast improvements in operability and reliability as well as substantial renovations in basic performance. New functions have also been added to boost the level of the "FANUC Series 30i/31i/32i/35i-MODEL B", which are the world's highest class performance CNCs, and the "FANUC Power Motion i-MODEL A", which is a CNC for general industrial machinery.

In the field of Servo, the new SERVO MOTOR MODELS  $\alpha$  i and  $\beta$  i Series were introduced. These motors can accommodate axis feeds of all kinds of machine tools with improvements in feeding smoothness and water resistance. Furthermore, the "SERVO HRV<sup>+</sup> Control" was newly developed to realize high quality and high precision in machining molds and parts.

FANUC laser sales initially remained stagnant domestically and abroad, but showed signs of recovery in the second half of the period.

New developments in laser included the enhancement of control functions, such as the level-up of power-saving functions of the high-performance, high-functionality, and high-reliability CO<sub>2</sub> laser oscillator, "FANUC Laser C series."

As a result, the FA Group posted consolidated sales of ¥222,643 million, up 11.3 % compared with the previous fiscal year. FA Group sales accounted for 49.4 % of consolidated net sales.

### **[Robot Group]**

The sales of robots in the domestic automobile industry was negatively affected by the slow period in facility investments in this industry, but increased for general industries. Regarding overseas markets, sales remained in good condition in the American market and showed clear signs of recovery in the second half of the period in European markets which had been weak. There was also much activity in the Chinese market.

In the field of development, the Robot Group upgraded the highly reliable, cost-effective and intelligent “FANUC Robot R-2000iB series”, which is held in high esteem worldwide, to the “FANUC Robot R-2000 iC series.” This new series has improved speed and operability while retaining compatibility with the preceding series. This upgrade significantly improves productivity. The “Bin Picking Robot” was also enhanced to handle a larger variety of parts with the development of a hand that can automatically pick up parts of various shapes and sizes. Furthermore, new models with more axes and arm lengths were developed for the “Genkotsu • ROBOT series”, offering more expandability in workpieces requiring posture changes or assembly applications. New developments also included a variety of new models and new features of the multi-purpose mini robot, LR Mate 200iD, enabling its use in diverse work environments.

The Robot Group posted consolidated sales of ¥146,866 million, up 23.3 % compared with the previous fiscal year. Robot Group sales accounted for 32.6 % of consolidated net sales.

### **[ROBOMACHINE Group]**

The sales of the ROBODRILL (small machining center) was stable in the Japanese market and was in good condition overseas. Still, compared to last year when there was a momentary rise in demand from a specific segment in the IT industry, annual sales decreased sharply. At the end of the fiscal year, however, there was another substantial increase in demand from a certain segment of the IT industry, and this has started showing momentary and short-term increase in sales. In the area of development, functionalities were increased to satisfy overseas safety regulations and other requirements of customers.

The sales of the ROBOSHOT (electric injection molding machine) increased steadily both in Japan and abroad. New developments in FANUC ROBOSHOT included the addition of a 250 tonnage and 300 tonnage clamping force to the “FANUC ROBOSHOT  $\alpha$ -SiA series”, completing the product lineup.

The sales of the ROBOCUT (wire-cut electric discharge machine) also increased steadily both in Japan and abroad. New developments included the “FANUC ROBOCUT CCR” which is a high precision, compact turntable for the “FANUC ROBOCUT  $\alpha$ -CiA series.” This turntable facilitates the machining of complicated parts, such as medical equipment.

As to the ROBONANO (ultra precision Nano Machine) sales activities were reinforced to make inroads in overseas markets, and progress has been made.

Moreover, functions were developed to accommodate overseas safety regulations and to improve operability.

The ROBOMACHINE Group posted consolidated sales of ¥81,467 million, down 54.5 % compared with the previous fiscal year. ROBOMACHINE Group sales accounted for 18.0 % of consolidated net sales.

### **[Research and Development]**

FANUC's CNC Hardware Laboratory, CNC Software Laboratory, SERVO Laboratory, Laser Laboratory, ROBOT Laboratory, ROBODRILL Laboratory, ROBOSHOT Laboratory, ROBOCUT Laboratory and ROBONANO Research Department focused on developing various new competitive products and features by enhancing “high performance” and “intelligence” based on high-reliability, and successfully launched them into the market.

FANUC's Basic Laboratory engaged in research and development of next-generation element technologies applicable to FANUC products.

**(2) Capital Investment**

New factories were built for machining Robot and ROBOMACHINE parts at FANUC Headquarters. In addition, a wide variety of capital investment was made to increase production capacity and to enhance the robotization of production.

**(3) Financing**

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

**(4) Challenges and Countermeasures**

In the months ahead, though increase in sales is expected for the first half of the period due to the short-term rise in demand in a certain segment of the IT industry, the outlook for the entire period continues to be unpredictable as special demands may be absent and there is uncertainty about the economies of emerging countries, etc.

In order to deal with such circumstances, the three business divisions of the FANUC Group -- FA, Robot and ROBOMACHINE -- will enforce collaboration between their development laboratories and sales departments under the direction of their individual general managers. Together with FANUC's overseas subsidiaries and affiliated companies, the FANUC Group will function as a whole to grasp the needs of customers quickly and correctly to enhance capabilities for developing products, and promote higher performance and intelligence of products adhering to the basics of high reliability. FANUC shall also continue to enhance productivity through robotization of its production processes. We believe that continuing such steadfast efforts will lead to the increase in market shares and growth in sales while retaining a strong company character.

Thank you for your continued support and assistance to FANUC.

## (5) Assets and Profits

### 1) The FANUC Group

(Millions of yen)

Item	FY 2010 (42nd term)	FY 2011 (43rd term)	FY 2012 (44th term)	FY 2013 (45th term)
Net sales	446,201	538,492	498,395	450,976
Ordinary income	195,434	228,578	191,242	174,360
Net income	120,155	138,819	120,484	110,930
Net income per share (Yen)	613.75	709.20	615.59	566.86
Total assets	1,013,000	1,130,625	1,219,113	1,343,904
Net assets	894,494	985,322	1,094,129	1,199,863

### 2) The Company

(Millions of yen)

Item	FY 2010 (42nd term)	FY 2011 (43rd term)	FY 2012 (44th term)	FY 2013 (45th term)
Net sales	379,933	464,108	407,289	324,469
Ordinary income	173,992	224,643	172,402	133,428
Net income	106,005	142,021	111,182	86,998
Net income per share (Yen)	541.47	725.57	568.06	444.56
Total assets	887,917	1,011,993	1,062,070	1,118,523
Net assets	795,764	895,533	967,989	1,025,253

## (6) Principal Businesses

The principal businesses of the FANUC Group are the development, manufacture, sale, and maintenance service of the products described in the following table:

Group	Main products
FA Group	CNC systems (CNC and servo motors), lasers
Robot Group	Robots (including robot systems)
ROBOMACHINE Group	ROBODRILL (small machining centers), ROBOSHOT (electric injection molding machines), ROBOCUT (wire-cut EDMs), ROBONANO (ultra-precision nano machines)

## (7) Principal Sites

Head office	Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture
Laboratories	CNC Hardware Laboratory, CNC Software Laboratory, SERVO Laboratory, Laser Laboratory, ROBOT Laboratory, ROBODRILL Laboratory, ROBOSHOT Laboratory, ROBOCUT Laboratory, ROBONANO Research Department, Basic Laboratory (Oshino-mura and Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture)
Branches	Hino Branch (Hino City), Nagoya Branch (Komaki City), Osaka Branch (Osaka City), Hokkaido Branch (Ebetsu City), Tohoku Branch (Sendai City), Tsukuba Branch (Tsukuba City), Maebashi Branch (Maebashi City), Echigo Branch (Mitsuke City), Hakusan Branch (Hakusan City), Chugoku Branch (Okayama City), Hiroshima Branch (Hiroshima City), Kyushu Branch (Kikuyo-machi, Kikuchi-gun, Kumamoto Prefecture)
Factories	Headquarters Factory (Oshino-mura and Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture), Tsukuba Factory (Chikusei City), Hayato Factory (Kirishima City)
Training Centers	FANUC Training Center, FANUC Management Institute (Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture)

## (8) Employees

Number of employees	The Company	2,661
	The FANUC Group	5,469

## (9) Principal Subsidiaries and Affiliated Companies

### ① Principal Subsidiaries

Company name	Capital stock	Percentage of equity participation (%)	Principal businesses
FANUC America Corporation	US\$157,300 thousand	100	Development, manufacture, sale and maintenance services of robots and robot systems as well as sale and maintenance services of ROBODRILL, CNC systems and lasers
FANUC Europe Corporation	€ 109,961 thousand	100	Sale and maintenance services of CNC systems, lasers, robots, ROBODRILL, ROBOSHOT and ROBOCUT as well as manufacture, sale and maintenance services of robot systems
KOREA FANUC CORPORATION	Won 32,364 million	94	Sale and maintenance services of CNC systems, lasers, robots, ROBODRILL, ROBOSHOT and ROBOCUT as well as manufacture, sale and maintenance services of robot systems
TAIWAN FANUC FA CORPORATION	NT\$1,448 million	100	Knock-down manufacture, sale and maintenance services of CNC systems, sale and maintenance services of lasers as well as manufacture, sale and maintenance services of robot systems
FANUC INDIA PRIVATE LIMITED	Rupee 290 million	100	Sale and maintenance services of CNC systems, robots, ROBODRILL, ROBOSHOT and ROBOCUT as well as maintenance services of lasers
FANUC PERTRONICS LTD	¥327 million	83	Manufacture of components of CNC systems and lasers
FANUC SERVO LTD	¥450 million	100	Manufacture of servo motors

Note: On January 16, 2014, TAIWAN FANUC FA CORPORATION merged with the Company's subsidiary TAIWAN FANUC ROBOTICS CORPORATION and acquired all rights and obligations concerning its businesses.

### ② Principal Affiliated Companies

Company name	Capital stock	Percentage of equity participation (%)	Principal businesses
BEIJING-FANUC Mechatronics CO., LTD.	US\$11,300 thousand	50	Knock-down manufacture, sale and maintenance services of CNC systems as well as sale and maintenance services of lasers
SHANGHAI-FANUC Robotics CO., LTD.	US\$12,000 thousand	50	Sale and maintenance services of robots, ROBODRILL, ROBOSHOT and ROBOCUT as well as manufacture, sale and maintenance services of robot systems

## 2. Matters Concerning the Shares of the Company

(1) Total number of shares authorized to be issued by the Company: **400,000,000 shares**

(2) Total number of issued shares: **239,508,317 shares**

(3) Number of shareholders: **49,580**

**(4) The ten largest shareholders:**

Name	Number of shares (In thousands)	Percentage of equity participation (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,930	8.1
Japan Trustee Services Bank, Ltd. (Trust Account)	12,165	6.2
State Street Bank and Trust Company	10,236	5.2
State Street Bank and Trust Company	7,528	3.8
The Chase Manhattan Bank, N.A. London S.L. Omnibus	6,392	3.3
Citibank, N.A. – NY, as Depository Bank for Depository Shareholders	3,950	2.0
BNP Paribas Securities (Japan) Limited	3,546	1.8
State Street Bank and Trust Company 505225	2,675	1.4
Melon Bank N.A. As Agent For Its Client Melon Omnibus US Pension	2,568	1.3
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	2,494	1.3

Note: The percentages of equity participation are calculated after subtracting the number of treasury shares (43,836 thousand shares) from the total number of issued shares.

**3. Directors and Auditors**

(1) Names of Directors and Auditors, etc.

Position	Name	Responsibilities or significant concurrent posts of other entities
President and CEO	Yoshiharu Inaba	General Manager, FA Business Division
Representative Member of the Board	Kenji Yamaguchi	General Manager, Production Division
Representative Member of the Board	Hiroyuki Uchida	General Manager, ROBOMACHINE Business Division
Representative Member of the Board	Yoshihiro Gonda	General Manager, Corporate Administration Division
Member of the Board	Kiyonori Inaba	General Manager, ROBOT Business Division
Member of the Board	Shunsuke Matsubara	General Manager, Research & Development Administration Division
Member of the Board	Hiroshi Noda	General Manager, CNC Hardware Laboratory, FA Business Division
Member of the Board	Katsuo Kohari	General Manager, FA Overseas Sales Division, FA Business Division
Member of the Board	Takayuki Ito	General Manager, ROBOT Domestic Sales Division, ROBOT Business Division
Member of the Board	Tetsuya Kosaka	General Manager, Manufacturing Engineering Division, Production Division
Member of the Board	Toshiya Okada	General Manager, Personnel, Legal Division, Corporate Administration Division
Member of the Board	Kazuyuki Hiramoto	General Manager, Robot Production Division, Production Division
Member of the Board	Kazunari Aoyama	Vice General Manager, CNC Hardware Laboratory, FA Business Division
Member of the Board	Yusaku Yamada	Vice General Manager, CNC Software Laboratory, FA Business Division
Member of the Board	Tetsuo Hishikawa	Vice General Manager, CNC Software Laboratory, FA Business Division
Member of the Board	Richard E. Schneider	President and CEO, FANUC America Corporation
Member of the Board	Olaf C. Gehrels	President and CEO, FANUC Europe Corporation
Member of the Board	Masato Ono	President and Representative Director of Total Insurance Service Limited
Standing Auditor	Shunsuke Kimura	
Auditor	Hajime Harada	Attorney at law
Auditor	Takeo Nakagawa	Professor Emeritus of the University of Tokyo
Auditor	Naoki Shimizu	President and CEO of Fine Tech Co., Ltd.

- Notes:
1. Director Masato Ono is an Outside Director .
  2. Auditors Hajime Harada and Takeo Nakagawa are Outside Auditors.
  3. Other significant concurrent posts:  
 Outside Director Masato Ono is also an Outside Director of Nippon Light Metal Holdings Company, Ltd.  
 Outside Auditor Hajime Harada is also an Outside Auditor of Nippon Gear Co., Ltd.  
 Outside Auditor Takeo Nakagawa is also an Outside Director of TSUGAMI CORPORATION, Nippon Pillar Packing Co., Ltd. and OSG CORPORATION.  
 None of the companies in which the Outside Director or Outside Auditors concurrently hold posts have special relations with FANUC CORPORATION.
  4. The Company has named the Outside Director Masato Ono as an Independent Director and the two Outside Auditors, Hajime Harada and Takeo Nakagawa, as Independent Auditors as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange.

(2) Total amount of remuneration, etc., payable to the Directors and Auditors

The total amount of remuneration, etc. payable to the Directors for the fiscal year under review was ¥2,086 million (for 18 Directors).

The total amount of remuneration, etc. payable to the Auditors for the fiscal year under review was ¥150 million (for 4 Auditors).

Of the above, the total amount of remuneration, etc. payable to the Outside Director and Outside Auditors was ¥33 million (for 1 Director and 2 Auditors).

(3) Matters concerning the Outside Director and Outside Auditors

Major activities

Name	Major activities
Masato Ono	He attended ten out of twelve meetings of the Board of Directors that were held after his appointment as an Outside Director on June 27, 2013, and provided advice whenever necessary, based on his wide experience, expertise and knowledge he had obtained as a long-serving corporate executive.
Hajime Harada	He attended thirteen out of fifteen meetings of the Board of Directors and three out of three meetings of the Board of Auditors, and provided advice whenever necessary, based on his wide experience, expertise and knowledge as an attorney at law.
Takeo Nakagawa	He attended eleven out of fifteen meetings of the Board of Directors and two out of three meetings of the Board of Auditors, and provided advice whenever necessary, based on his wide experience, expertise and knowledge as a university professor and corporate executive.



### Non-Consolidated Balance Sheet

(As of March 31, 2014)

(Millions of yen)

Titles of Account	Amount	Titles of Account	Amount
<b>(Total Assets)</b>	<b><u>1,118,523</u></b>	<b>(Liabilities)</b>	<b><u>93,270</u></b>
<b>Current assets</b>	<b>754,858</b>	<b>Current liabilities</b>	<b>65,035</b>
Cash and deposits	634,111	Accounts payable	20,507
Notes receivable -- trade	11,027	Accrued expenses	5,648
Accounts receivable -- trade	47,549	Accrued charge	7,631
Merchandise and finished goods	12,276	Income taxes payable	26,863
Work in process	30,672	Warranty reserves	2,012
Raw materials and supplies	7,751	Other	2,374
Deferred tax assets	8,336	<b>Long-term liabilities</b>	<b>28,235</b>
Other	3,681	Reserve for employees' retirement benefits	25,410
Allowance for doubtful accounts	(545)	Other	2,825
<b>Fixed assets</b>	<b>363,665</b>	<b>(Net assets)</b>	<b><u>1,025,253</u></b>
<b>Tangible fixed assets</b>	<b>236,228</b>	<b>Shareholders' equity</b>	<b>1,020,299</b>
Buildings	81,623	<b>Capital stock</b>	<b>69,014</b>
Machinery and equipment	33,211	<b>Capital surplus</b>	<b>96,122</b>
Lands	106,945	Legal capital surplus	96,057
Other	14,449	Other capital surplus	65
<b>Intangible fixed assets</b>	<b>263</b>	<b>Retained earnings</b>	<b>1,167,462</b>
<b>Investments and other assets</b>	<b>127,174</b>	Legal retained earnings	8,252
Investment securities	9,486	Other retained earnings	1,159,210
Stocks of subsidiaries and affiliates	107,186	<b>Treasury stock</b>	<b>(312,299)</b>
Deferred tax assets	10,251	<b>Valuation and translation adjustments</b>	<b>4,954</b>
Other	252	Valuation difference on available-for-sale securities	4,954
Allowance for doubtful accounts	(1)		
<b>Total</b>	<b>1,118,523</b>	<b>Total</b>	<b>1,118,523</b>

### Non-Consolidated Statement of Income

(April 1, 2013 through March 31, 2014)

(Millions of yen)

Titles of Account	Amount
<b>Net sales</b>	<b>324,469</b>
Cost of sales	176,679
<b>Gross profit</b>	<b>147,790</b>
Selling, general and administrative expenses	25,596
<b>Operating income</b>	<b>122,194</b>
Non-operating income	12,275
Interest and dividends income	10,207
Other	2,068
Non-operating expenses	1,041
Miscellaneous loss	1,041
<b>Ordinary income</b>	<b>133,428</b>
<b>Income before income taxes</b>	<b>133,428</b>
Income taxes	46,430
Income taxes – current	45,984
Income taxes – deferred	446
<b>Net income</b>	<b>86,998</b>

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

(April 1, 2013 through March 31, 2014)

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
Balance at March 31, 2013	69,014	96,057	62	96,119	8,252	1,103,299	1,111,551
Changes during this term							
Dividends of retained earnings						(31,087)	(31,087)
Net income						86,998	86,998
Purchase of treasury stock							
Disposal of treasury stock			3	3			
Net change in items other than shareholders' equity during this term							
Total changes during this term	-	-	3	3	-	55,911	55,911
Balance at March 31, 2014	69,014	96,057	65	96,122	8,252	1,159,210	1,167,462

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at March 31, 2013	(311,636)	965,048	2,941	2,941	967,989
Changes during this term:					
Dividends of retained earnings		(31,087)			(31,087)
Net income		86,998			86,998
Purchase of treasury stock	(665)	(665)			(665)
Disposal of treasury stock	2	5			5
Net change in items other than shareholders' equity during this term			2,013	2,013	2,013
Total changes during this term	(663)	55,251	2,013	2,013	57,264
Balance at March 31, 2014	(312,299)	1,020,299	4,954	4,954	1,025,253

## Copy of the Independent Auditors' Report Related to the Non-Consolidated Financial Statements (Translation)

### REPORT OF INDEPENDENT AUDITORS

May 14, 2014

The Board of Directors  
FANUC CORPORATION

We have audited the balance sheet, the statement of income, the statement of changes in shareholders' equity, the notes to non-consolidated financial statements, and the supplementary financial schedules of FANUC CORPORATION (the "Company") applicable to its 45th fiscal year from April 1, 2013 to March 31, 2014, pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act of Japan.

Responsibility of the Company's Management for Financial Statements, etc.

The responsibility of the Company's management is to prepare and properly present the financial statements and the supplementary financial schedules in conformity with corporate accounting standards generally accepted in Japan. It includes the establishment and enforcement of internal control that the Company's management deems necessary, to prepare and properly present the financial statements and the supplementary financial schedules without material misstatement due to misconducts or errors.

Responsibility of Independent Auditors

Our responsibility is to express an opinion on these financial statements and the supplementary financial schedules from an independent standpoint based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to plan and perform the audit to obtain reasonable assurance as to whether the financial statements and the supplementary financial schedules are free of material misstatement.

An audit includes performing procedures to obtain auditing evidence supporting the amounts and the disclosures in the financial statements and the supplementary financial schedules. An auditing procedure is selected and applied, in our estimation, based on the assessment of a risk of material misstatement due to misconducts or errors in the financial statements and the supplementary financial schedules. The purpose of the audit is not to express an opinion on the effectiveness of internal control, but, in the assessment of risks, we evaluate the internal control in relation to the preparation and proper presentation of the financial statements and the supplementary financial schedules to make proper auditing procedures suited for the situation. An audit also includes 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.

Opinion of Auditors

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 corporate accounting standards generally accepted in Japan.

Interest

Our firm and engagement partners have no interest in the Company which is required to be disclosed under the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC

Shunji Momoi (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Shigehiro Koshihara (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Isamu Ando (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

**Consolidated Balance Sheet**

(As of March 31, 2014)

(Millions of yen)

Titles of Account	Amount	Titles of Account	Amount
<b><u>(Total Assets)</u></b>	<b>1,343,904</b>	<b><u>(Liabilities)</u></b>	<b>144,041</b>
<b>Current assets</b>	<b>1,027,801</b>	<b>Current liabilities</b>	<b>99,449</b>
Cash and deposits	823,670	Notes and accounts payable – trade	26,192
Notes and accounts receivable – trade	91,698	Income taxes payable	30,787
Merchandise and finished goods	43,857	Warranty reserves	5,409
Work in process	35,559	Other	37,061
Raw materials and supplies	8,079	<b>Long-term liabilities</b>	<b>44,592</b>
Deferred tax assets	20,706	Liability related to retirement benefits	40,456
Other	6,152	Other	4,136
Allowance for doubtful accounts	(1,920)		
<b>Fixed assets</b>	<b>316,103</b>	<b><u>(Net assets)</u></b>	<b>1,199,863</b>
<b>Tangible fixed assets</b>	<b>262,473</b>	<b>Shareholders' equity</b>	<b>1,193,794</b>
Buildings and structures	96,985	Capital stock	69,014
Machinery, equipment and vehicles	34,834	Capital surplus	96,270
Lands	117,543	Retained earnings	1,340,809
Other	13,111	Treasury stock	(312,299)
<b>Intangible fixed assets</b>	<b>4,213</b>	<b>Accumulated other comprehensive income</b>	<b>238</b>
Goodwill	3,689	Valuation difference on available-for-sale securities	5,112
Other	524	Foreign currency exchange adjustment	3,138
<b>Investments and other assets</b>	<b>49,417</b>	Total accumulated other comprehensive income	(8,012)
Investment securities	41,744	<b>Minority interests</b>	<b>5,831</b>
Other	7,674		
Allowance for doubtful accounts	(1)		
<b>Total</b>	<b>1,343,904</b>	<b>Total</b>	<b>1,343,904</b>

**Consolidated Statement of Income**

(April 1, 2013 through March 31, 2014)

(Millions of yen)

Titles of Account	Amount
<b>Net sales</b>	<b>450,976</b>
Cost of sales	227,189
<b>Gross profit</b>	<b>223,787</b>
Selling, general and administrative expenses	59,653
<b>Operating income</b>	<b>164,134</b>
Non-operating income	11,312
Interest and dividends income	3,590
Other	7,722
Non-operating expenses	1,086
Miscellaneous loss	1,086
<b>Ordinary income</b>	<b>174,360</b>
<b>Income before income taxes and minority interests</b>	<b>174,360</b>
Income taxes	62,848
Income taxes – current	62,036
Income taxes – deferred	812
<b>Income before minority interests</b>	<b>111,512</b>
Minority interests	582
<b>Net income</b>	<b>110,930</b>

## Copy of the Independent Auditors' Report Related to the Consolidated Financial Statements (Translation)

### REPORT OF INDEPENDENT AUDITORS

May 14, 2014

The Board of Directors  
FANUC CORPORATION

We have audited the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity, and the notes to consolidated financial statements of FANUC CORPORATION (the "Company"), applicable to its consolidated fiscal year from April 1, 2013 to March 31, 2014, pursuant to Article 444, Paragraph 4 of the Companies Act of Japan.

#### Responsibility of the Company's Management for Consolidated Financial Statements

The responsibility of the Company's management is to prepare and properly present the consolidated financial statements in conformity with corporate accounting standards generally accepted in Japan. It includes the establishment and enforcement of internal control that the Company's management deems necessary, to prepare and properly present the consolidated financial statements without material misstatement due to misconducts or errors.

#### Responsibility of Independent Auditors

Our responsibility is to express an opinion on these consolidated financial statements from an independent standpoint based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement.

An audit includes performing procedures to obtain auditing evidence supporting the amounts and the disclosures in the consolidated financial statements. An auditing procedure is selected and applied, in our estimation, based on the assessment of a risk of material misstatement due to misconducts or errors in the consolidated financial statements. The purpose of the audit is not to express an opinion on the effectiveness of internal control, but, in the assessment of risks, we evaluate the internal control in relation to the preparation and proper presentation of the consolidated financial statements to make proper auditing procedures suited for the situation. An audit also includes 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.

#### Opinion of Auditors

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 CORPORATION and its consolidated subsidiaries for the period related to the consolidated financial statements in all material respects in conformity with corporate accounting standards generally accepted in Japan.

#### Interest

Our firm and engagement partners have no interest in the Company which is required to be disclosed under the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC  
Shunji Momoi (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant  
Shigehiro Koshihara (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant  
Isamu Ando (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

## Copy of the Audit Report of the Board of Auditors (Translation)

### AUDIT REPORT

We, the Board of Auditors, based on the audit report prepared by each Auditor on the performance by the Directors of their duties during the 45th fiscal year from April 1, 2013 to March 31, 2014, 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 reports from the Directors, etc. and the Independent Auditors on the state of performance of their duties, and sought explanations as necessary.

Each Auditor, in accordance with the auditing standards of Corporate Auditors established by the Board of Auditors and the assignment of duties, etc. determined by the Board of Auditors, maintained constant communication with the Directors, Internal Auditing Section and other 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, sought explanations as 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 ordinance and the Articles of Incorporation and such other systems provided for in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act 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 the internal control on financial reporting, we received from the Directors, etc. and Ernst & Young ShinNihon LLC reports on the assessment of such internal control and auditing thereof, and sought explanations as necessary. With regard to its subsidiaries, we maintained constant communication, and exchanged information with the directors, auditors, etc. thereof, and requested the subsidiaries to render reports on their business operations as 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 Independent Auditors had maintained an independent position and conducted adequate audits, received from the Independent Auditors reports on the state of performance of their duties, and requested explanations as necessary. In addition, we received from the Independent Auditors a notice that the "systems to secure adequate performance of duties" (as listed in the items of Article 131 of the Ordinance for Corporate Accounting) had been established in accordance with the "Standard for Quality Control Concerning Audits" (the Business Accounting Council, October 28, 2005), and requested explanations as 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 present the state of the Company in accordance with laws and 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 and ordinances and 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, including the internal control on financial reporting, 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 LLC, 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 LLC, are proper.

May 19, 2014

The Board of Auditors  
FANUC CORPORATION

Shunsuke Kimura (seal)  
Standing Auditor

Hajime Harada (seal)  
Outside Auditor

Takeo Nakagawa (seal)  
Outside Auditor

Naoki Shimizu (seal)  
Auditor

## Reference Material for the Ordinary General Meeting of Shareholders

### Item 1 Dividend for the Second Half of Fiscal 2013

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.

As for the return to shareholders, it is our basic policy to maintain a payout ratio of 30% of our consolidated net profit for the full business year. In addition, we will buy back 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 consolidated net profit for Directors and employees, who strive to secure profitability withstanding severe market competition.

Since we operate in a fiercely competitive leading-edge industry—characterized by rapid technological innovation—we will use retained earnings under our medium- to long-term plan to develop new products, robotize production processes and strengthen overseas business.

Based on the above-mentioned basic policies concerning the distribution of profits, we would like to pay the dividend for the second half of the fiscal year as shown below.

This will bring the total amount of annual dividends paid to ¥170.06 per share, including ¥76.80 paid in December, 2013 as the first half dividend.

① Type of dividend asset

Cash

② Allocation of dividend assets to shareholders and total amount of allocation

¥93.26 per share of common stock

Total amount of payout: ¥18,248,397,206

③ Effective date of dividend payment

June 30, 2014

### Item 2 Partial Amendment to the Articles of Incorporation

We propose that the Article of Incorporation of the Company be amended as follows:

(1) Reason for the Amendment

To allow for more flexibility and diversity in handling customers' requests for installing FANUC's products in customers' facilities.

(2) Amendment

Details of the proposed amendment are as follows:

(Amended text is shown underlined.)

Current Text	Proposed Amendments
<p>Article 2 (Objectives)</p> <p>The objectives of the Company shall be to carry on the following business:</p> <p>(1) Manufacture and sale of numerical control systems;</p> <p>(2) Manufacture and sale of servo motors;</p> <p>(3) Manufacture and sale of numerical control applied machines;</p> <p>(4) Manufacture and sale of servo applied equipment; (New Construction)</p> <p>(5) (Provision omitted)</p>	<p>Article 2 (Objectives)</p> <p>The objectives of the Company shall be to carry on the following business:</p> <p>(1) } (2) } (No change) (3) } (4) }</p> <p><u>(5) Constructions incidental or relating to any of the foregoing items; and</u></p> <p><u>(6)</u> (No change)</p>



### Item 3 Election of twelve (12) Directors

The term of office of the eighteen (18) Directors will expire at the conclusion of the meeting. To allow for more agility in decision making regarding corporate matters, it is proposed that the number of Directors be reduced by six (6) to make the total twelve (12). The election of the following twelve (12) Directors is proposed.

Candidates for Director are as follows:

Candidates' number	Name (Date of birth)	Personal history, position, responsibilities and significant concurrent posts of other entities		Number of shares of the Company held by candidate
1	Yoshiharu Inaba (July 23, 1948)	April 1973 September 1983 June 1989 June 1992  June 1995  May 2001  June 2003  October 2013	Joined Isuzu Motors Limited Joined the Company Appointed Director ( <i>Member of the Board</i> ) of the Company Appointed Senior Vice President ( <i>Member of the Board</i> ) of the Company Appointed Executive Vice President ( <i>Member of the Board</i> ) of the Company Appointed Senior Executive Vice President of the Company ( <i>Representative Member of the Board</i> ) Appointed President and CEO of the Company ( <i>Representative Member of the Board</i> ) (to the present) General Manager, FA Business Division of the Company (to the present)	2,500 shares
2	Kenji Yamaguchi (August 6, 1968)	April 1993 October 2004  April 2007 June 2008  February 2012  October 2013	Joined the Company General Manager, Manufacturing Technology Center of the Company General Manager, Headquarters Factories of the Company Appointed Executive Vice President ( <i>Member of the Board</i> ) of the Company Appointed Senior Executive Vice President ( <i>Member of the Board</i> ) of the Company Appointed Senior Executive Vice President ( <i>Representative Member of the Board</i> ) of the Company (to the present) General Manager, Production Division of the Company (to the present)	500 shares
3	Hiroyuki Uchida (June 12, 1958)	April 1982 April 1996 June 1997 April 2001  June 2006  October 2013	Joined the Company Deputy General Manager, Servo Laboratory of the Company Appointed Director ( <i>Member of the Board</i> ) of the Company Appointed Senior Vice President ( <i>Member of the Board</i> ) of the Company Appointed Executive Vice President ( <i>Member of the Board</i> ) of the Company Appointed Senior Executive Vice President ( <i>Representative Member of the Board</i> ) of the Company (to the present) General Manager, ROBOMACHINE Business Division of the Company (to the present)	696 shares
4	Yoshihiro Gonda (July 24, 1960)	April 1984 October 2000  June 2001 June 2007  February 2012  October 2013	Joined the Company Assistant to the Group Executive, Finance Group (Purchasing) of the Company Appointed Director ( <i>Member of the Board</i> ) of the Company Appointed Executive Vice President ( <i>Member of the Board</i> ) of the Company (to the present) Appointed Senior Executive Vice President ( <i>Member of the Board</i> ) of the Company Appointed Senior Executive Vice President ( <i>Representative Member of the Board</i> ) of the Company (to the present) General Manager, Corporate Administration Division of the Company (to the present)	1,764 shares

Candidates' number	Name (Date of birth)	Personal history, position, responsibilities and significant concurrent posts of other entities		Number of shares of the Company held by candidate
5	Kiyonori Inaba (February 13, 1978)	January 2009 May 2013 June 2013 October 2013	Joined the Company Deputy General Manager, Robot Laboratory of the Company(to the present) Appointed Director ( <i>Member of the Board</i> ) of the Company Appointed Executive Vice President ( <i>Member of the Board</i> ) of the Company (to the present) General Manager, ROBOT Business Division of the Company (to the present)	300 shares
6	Shunsuke Matsubara (December 4, 1961)	April 1984 June 2000 June 2001 July 2012 October 2013	Joined the Company Senior Vice General Manager, Servo Laboratory of the Company Appointed Director ( <i>Member of the Board</i> ) of the Company Appointed Senior Vice President ( <i>Member of the Board</i> ) of the Company Appointed Executive Vice President ( <i>Member of the Board</i> ) of the Company (to the present) General Manager, Research & Development Administration Division of the Company (to the present)	200 shares
7	Hiroshi Noda (May 8, 1963)	April 1989 January 2002 June 2003 March 2011 October 2013 May 2014	Joined the Company Senior Vice General Manager, CNC Laboratory of the Company Appointed Director ( <i>Member of the Board</i> ) of the Company Appointed Senior Vice President ( <i>Member of the Board</i> ) of the Company Appointed Executive Vice President ( <i>Member of the Board</i> ) (to the present) General Manager, CNC Hardware Laboratory, FA Business Division of the Company (to the present) Vice General Manager (R&D), FA Business Division of the Company (to the present)	400 shares
8	Katsuo Kohari (August 12, 1942)	April 1968 May 1976 April 2003 June 2003 June 2012 October 2013 May 2014	Joined Fujitsu Limited Transferred to the Company Assistant to General Manager for Sales and Service of the Company Appointed Director ( <i>Member of the Board</i> ) of the Company Appointed Senior Vice President ( <i>Member of the Board</i> ) of the Company Appointed Executive Vice President ( <i>Member of the Board</i> ) of the Company (to the present) General Manager, FA Overseas Sales Division, FA Business Division of the Company (to the present) Vice General Manager (Sales), FA Business Division of the Company (to the present)	5,116 shares
9	Toshiya Okada (August 21, 1961)	April 1984 August 1999 June 2012 October 2013 May 2014	Joined the Company Manager, Legal Department of the Company (to the present) Appointed Senior Vice President ( <i>Member of the Board</i> ) of the Company General Manager, Personnel, Legal Division, Corporate Administration Division of the Company (to the present) Appointed Executive Vice President ( <i>Member of the Board</i> ) of the Company (to the present) Vice General Manager, Corporate Administration Division of the Company (to the present)	700 shares
10	Richard E. Schneider (August 14, 1956)	February 1984 July 1991 September 1997 June 2006 June 2011 June 2013 October 2013	Joined FANUC America Corporation Appointed Vice President of the company Appointed President of the above company (to the present) Appointed Director ( <i>Member of the Board</i> ) of the Company Appointed Executive Vice President ( <i>Member of the Board</i> ) of the Company Appointed Director ( <i>Member of the Board</i> ) of the Company (to the present) Appointed President and CEO of FANUC America Corporation (to the present)	500 shares

Candidates' number	Name (Date of birth)	Personal history, position, responsibilities and significant concurrent posts of other entities		Number of shares of the Company held by candidate
11	Olaf C. Gehrels (April 3, 1967)	April 1994 April 2003 June 2006 June 2011  June 2013  October 2013	Joined the Company Appointed President of FANUC Europe Corporation Appointed Director ( <i>Member of the Board</i> ) of the Company Appointed Senior Vice President ( <i>Member of the Board</i> ) of the Company  Appointed Director ( <i>Member of the Board</i> ) of the Company (to the present) Appointed President and CEO of FANUC Europe Corporation (to the present)	500 shares
12	Masato Ono (November 4, 1950)	April 1974 March 2006 June 2007  June 2012  June 2013	Joined Dai-ichi Kangyo Bank, Ltd Appointed Executive Officer of Mizuho Bank, Ltd Appointed Deputy President and Representative Director of Mizuho Financial Group, Inc. Appointed President and Representative Director of Total Insurance Service Limited (to the present) Appointed Director ( <i>Member of the Board</i> ) of the Company (to the present)  (Significant concurrent posts of other entities) President and CEO of Total Insurance Service Limited Outside Director of Nippon Light Metal Holdings Company, Ltd.	0 shares

- Notes:
1. Masato Ono is a candidate for Outside Director as defined in Article 2, Item 15 of the Companies Act of Japan.
  2. Masato Ono would advise on our management whenever necessary from a wide perspective, making the best use of the experience and knowledge he has accumulated as a long-serving corporate executive. We thus recommend his election as an Outside Director.
  3. We have entered into an agreement with Masato Ono limiting his liability as defined under Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act.
  4. Masato Ono has attended ten (10) out of twelve (12) meetings of the Board of Directors that were held after his appointment as an Outside Director on June 27, 2013.
  5. The Company has appointed the Outside Director Masato Ono as an Independent Director as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange.

**Item 4 Election of One (1) Auditor**

For the further fortification of auditing functions, the number of auditors shall be increased. Accordingly, the election of one (1) Auditor is proposed.

The candidate for Auditor is as follows.

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

Candidate's Name (Date of birth)	Personal history, position, responsibilities and significant concurrent posts of other entities		Number of shares of the Company held by candidate
Masaharu Sumikawa (July 2, 1943)	April, 1972	Joined Hitachi Ltd.	0 shares
	June 1995	Deputy General Manager, Hitachi Works, Hitachi Ltd	
	April 1999	General Manager, Thermal & Hydroelectric Systems Division, Power and Industrial Systems Group, Hitachi Ltd.	
	October 2004	Executive Vice President and Executive Officer, Hitachi Ltd.	
	April 2006	President and Chief Executive Officer, Hitachi Plant Technologies, Ltd.	
	April 2010	Chairman of the Board, Hitachi Plant Technologies, Ltd.	
	June 2010	Director, Hitachi Ltd.	
	June 2012	Advisor, Hitachi Plant Technologies, Ltd.	
	June 2012	Non-regular employee for specialized duties, Hitachi Ltd. (to the present)	

Notes:

- Masaharu Sumikawa is a candidate for Outside Auditor as defined in Article 2, Item 16 of the Companies Act of Japan.
- Masaharu Sumikawa would advise on our management whenever necessary from a wide perspective, making the best use of the experience and knowledge he has accumulated as a long-serving corporate executive. We thus recommend his election as an Outside Auditor.
- In the event this Item is approved as proposed, the Company will enter into an agreement with Masaharu Sumikawa limiting his liability as defined under Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act.
- Under the premise that this Item is approved as proposed, the Company will submit a notification to the Tokyo Stock Exchange that it has appointed Masaharu Sumikawa as an Independent Auditor.

**Item 5 Revision of the Annual Amount of Remuneration Payable to Auditors**

The upper limit of the total annual remuneration for Auditors was set at 200 million yen by resolution of the 38th Ordinary General Meeting of Shareholders of June 27, 2007. Since then, there have been changes in social conditions as well as in the Company's management environment, resulting in the heightened demands for the quality and quantity of the Auditors' duties. The responsibilities of the Auditors have increased accordingly. In consideration of such factors, including the addition of an Outside Auditor and a Standing Auditor, it is proposed that the upper limit of the total annual remuneration for Auditors be changed so that it is capped at 250 million yen.

The number of Auditors after Item four (4) has been approved will be five (5).

- END -