

(TRANSLATION)

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(Securities code: 6954)
June 5, 2015

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 46th Ordinary General Meeting of Shareholders**

Dear Shareholders,

You are cordially invited to attend the 46th 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 25, 2015.

[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 26, 2015, 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 46th fiscal year (from April 1, 2014 to March 31, 2015).
 - Matters to be resolved:**
 - Item 1:** Dividend for the Second Half of Fiscal Year 2014
 - Item 2:** Election of fourteen (14) Directors
 - Item 3:** Election of three (3) 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, 2014 through March 31, 2015)

1. Summary of Current Status of the FANUC Group

(1) Business trends and achievements

The world economy improved during this period with continuous recovery and expansion in the Americas and signs of revitalization becoming prevalent in Europe. In Asia, despite risks of a downturn in China, the economy recovered mildly. The economy in Japan witnessed a mild upward trend as well.

In markets surrounding the FANUC Group, an upsurge in capital investments in the machine tool industries in Japan and Asia, as well as in the automotive industry in the Americas, propelled demands, and demands continued to flow in vigorously from a segment in the IT industry throughout the period.

Against such a background, the FANUC Group has intensified its unity in endeavoring to attain stability and prosperity in its business, as well as to win more trust from customers regarding our products and services.

As a result, during the fiscal year ended March 31, 2015, FANUC posted consolidated net sales totaling ¥729,760 million, up 61.8%, consolidated ordinary income totaling ¥311,951 million, up 78.9%, and consolidated net income totaling ¥207,599 million, up 87.1%, compared with the previous fiscal year.

This year, we acquired new land for factories in Mibu-machi, Tochigi Prefecture, in order to fortify our future production capacity.

The following is a summary of the results for each business division:

[FA Division]

The machine tool industry, the primary market for FANUC CNC systems, entertained high demands not only in Japan but in Asian countries, namely, China. Demands increased steadily in Europe as well.

In terms of development, FANUC's global standard CNC, the "FANUC Series 0i-MODEL F", was released in packages optimized according to functions as Package 1, Package 2, Package 3 and Package 5. The operability of the "FANUC Series 30i MODEL B" was also enhanced.

In the field of servo, new models were released for large size servo motors, synchronous built-in servo motors, and spindle motors. With this, the lineup of servo motors has been further fulfilled and enhanced to accommodate small to large size machines.

FANUC laser sales remained the same domestically and abroad.

New developments in laser included the addition of the CO2 laser, "FANUC Laser C3000i-C", which is optimized for cutting thin sheets without sacrificing the high performance for cutting thick sheets.

In collaboration with Furukawa Electric Co., Ltd., FANUC is also engaging in developing fiber laser oscillators, which can rapidly cut thin metal sheets while retaining low power consumption, and there are high expectations for this area.

The FA Division posted consolidated sales of ¥252,585 million, up 13.4 % compared with the previous fiscal year, and FA Division sales accounted for 34.6 % of consolidated net sales.

[Robot Division]

In overseas markets, the sales of robots continued to increase in the American markets and remained favorable in Europe. Sales were steady in Asian markets, with focus on China, and also in Japan.

A key new development was the “Green Collaborative Robot CR-35iA” which does not require a safety fence, and enables robots and human operators to work together. Being the first of its kind, the CR-35iA can lift up to 35 kg, and stops moving when coming into contact with humans. By enabling humans and robots to work together, work efficiency is improved in such tasks as moving heavy objects or attaching components. The CR-35iA is expected to pave the way for a new era of automation.

Furthermore, the multi-purpose intelligent “FANUC Robot R-2000 iC series”, which is the culmination of FANUC’s long years of experience and technology, has grown to include a new 165kg payload and 210 kg payload type.

The intelligent heavy payload robot, “FANUC M-900iB”, has also expanded its lineup to include the new long arm type 280L model, and a cylinder detection tool has been developed for the bin-picking robot, so that such tasks as placing cylindrical casting material into a heating furnace can be robotized. With such new products and new technologies, the range of application of FANUC robots is anticipated to expand substantially.

The Robot Division posted consolidated sales of ¥181,988 million, up 23.9 % compared with the previous fiscal year. Robot Division sales accounted for 24.9 % of consolidated net sales.

[ROBOMACHINE Division]

The sales of the ROBODRILL (small machining center) increased substantially due to what were short-term demands from a sector in the IT industry being active throughout the period, bringing about a sharp increase in sales. Sales in other industries within Japan and overseas increased steadily.

With the introduction of a servo side door to the “FANUC ROBODRILL α -DiA series”, automation with robots has been facilitated to reduce cycle time. Also, a center through 7MPa coolant spindle was developed to improve efficiency in drilling deep holes. The functions of the “FANUC ROBODRILL DDR/DDR-T”, which are rotary tables for high-speed, high-precision cutting, were enhanced so that cutting can be performed more speedily and heavier workpieces can be handled. As a result, more customer needs can be heeded to, leading to increase in sales, mainly in machining of automotive components and dies.

The sales of ROBOSHOTS (electric injection molding machine) increased steadily mainly in Japan and Asia.

New developments in FANUC ROBOSHOT included the addition of a 130 tonnage and 220 tonnage clamping force to the “FANUC ROBOSHOT α -SiA series”, fortifying the product lineup. The combination of two types of resins - "two components molding" - has been achieved along with developments for facilitating robotization. With such progress, there are high expectations for increase in sales.

The sales of ROBOCUTs (wire-cut electric discharge machine) increased steadily mainly in Japan and Europe.

New developments included the introduction of a thermal displacement compensation function for the “FANUC ROBOCUT α -CiA series”, which enables high-precision cutting in environments with extremely volatile temperatures. By improving precision in cutting thick metal sheets, cutting of molds and large parts can be conducted more effectively.

As a result, the ROBOMACHINE Division posted consolidated sales of ¥295,187 million, up 262.3 % compared with the previous fiscal year. ROBOMACHINE Group sales accounted for 40.5 % of consolidated net sales.

[Research and Development]

FANUC's CNC Hardware Laboratory, CNC Software Laboratory, Laser Laboratory, SERVO Laboratory, ROBOT Laboratory, ROBODRILL Laboratory, ROBOSHOT Laboratory, and ROBOCUT Laboratory focused on developing various new competitive products and features by raising the level of “high performance” and "intelligence" rooted in

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

In order to increase production capacity, new land was acquired in Mibu-machi, Tochigi Prefecture for the construction of new factories. In addition, a wide variety of capital investment was made to streamline production, including the promotion of robotization.

(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

In the new fiscal year ending March 31, 2016, short-term demands from a sector in the IT industry which was highly active in the previous fiscal year, are expected to subside, and our situation will seemingly become difficult with no clear view.

In coping with such a situation, the FANUC Group will reconfirm its origins as a producer of equipment to be used in manufacturing sites, and shall be thorough in implementing our slogan of, "Reliable / Predictable / Easy to Repair" in product development, in order to minimize downtime in our customers' factories and improve operability.

Furthermore, we shall practice our basic philosophy of "Service First" in providing (1) high-level services based on FANUC's global standard anywhere in the world, and (2) "life-long maintenance" for as long as our customers use our products.

In addition, under the slogan of "One FANUC", we shall take maximum advantage of our unique strength in uniting our FA, Robot and ROBOMACHINE divisions to jointly provide total solutions and take care of customers throughout the world.

By becoming united as one group in promoting such actions, we shall venture to make customers feel more secure and trust the FANUC Group even more, resulting in the stability and growth of our core business, so that we shall persevere as a company.

Thank you for your continued support and assistance to FANUC.

(5) Assets and Profits

1) The FANUC Group

(Millions of yen)

Item	FY 2011 (43rd term)	FY 2012 (44th term)	FY 2013 (45th term)	FY 2014 (46th term)
Net sales	538,492	498,395	450,976	729,760
Ordinary income	228,578	191,242	174,360	311,951
Net income	138,819	120,484	110,930	207,599
Net income per share (Yen)	709.20	615.59	566.86	1,061.02
Total assets	1,130,625	1,219,113	1,343,904	1,611,626
Net assets	985,322	1,094,129	1,199,863	1,386,695

2) The Company

(Millions of yen)

Item	FY 2011 (43rd term)	FY 2012 (44th term)	FY 2013 (45th term)	FY 2014 (46th term)
Net sales	464,108	407,289	324,469	554,448
Ordinary income	224,643	172,402	133,428	264,534
Net income	142,021	111,182	86,998	181,327
Net income per share (Yen)	725.57	568.06	444.56	926.74
Total assets	1,011,993	1,062,070	1,118,523	1,317,514
Net assets	895,533	967,989	1,025,253	1,160,363

(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:

Division	Main products
FA Division	CNC systems (CNC and servo motors), lasers
Robot Division	Robots (including robot systems)
ROBOMACHINE Division	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	2,764
	The FANUC Group	5,840

(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 CNC systems, lasers and ROBODRILL
FANUC Europe Corporation	€ 110,961 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 CORPORATION	NT\$1,448 million	100	Knock-down manufacture, sale and maintenance services of CNC systems, sale and maintenance services of lasers and robots, 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 May 28, 2014, TAIWAN FANUC FA CORPORATION changed its name to TAIWAN FANUC CORPORATION.

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: **48,715**

(4) The ten largest shareholders:

Name	Number of shares (In thousands)	Percentage of equity participation (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,504	8.4
Japan Trustee Services Bank, Ltd. (Trust Account)	10,889	5.6
State Street Bank and Trust Company	7,951	4.1
State Street Bank and Trust Company 505001	7,775	4.0
The Bank of New York Mellon SA/NV 10	5,143	2.6
CBNY - Government of Norway	4,418	2.3
BNP Paribas Securities (Japan) Limited	3,646	1.9
Citibank, N.A. - NY, as Depositary Bank for Depositary Shareholders	3,488	1.8
State Street Bank and Trust Company 505225	2,646	1.4
State Street Bank West Client - Treaty 505234	2,477	1.3

Note: The percentages of equity participation are calculated after subtracting the number of treasury shares (43,863 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	Vice General Manager (R&D), FA Business Division
Member of the Board	Katsuo Kohari	Vice General Manager (Sales), FA Business Division, and General Manager, Service Division
Member of the Board	Toshiya Okada	Vice General Manager, Corporate Administration 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	
Standing Auditor	Naoki Shimizu	
Auditor	Takeo Nakagawa	Professor Emeritus of the University of Tokyo President and CEO of Fine Tech Co., Ltd.
Auditor	Masaharu Sumikawa	Non-regular employee for specialized duties, Hitachi Ltd. (former Executive Vice President and Executive Officer, Hitachi Ltd.)
Auditor	Hajime Harada	Attorney at law

- Notes:
1. Director Masato Ono is an Outside Director.
 2. Auditors Takeo Nakagawa, Masaharu Sumikawa and Hajime Harada 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 Takeo Nakagawa is also an Outside Director of TSUGAMI CORPORATION, Nippon Pillar Packing Co., Ltd. and OSG CORPORATION.
 - Outside Auditor Hajime Harada was also an Outside Auditor of Nippon Gear Co., Ltd until February 18, 2015.
 - 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 three Outside Auditors Takeo Nakagawa, Masaharu Sumikawa and Hajime Harada 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 ¥2,613 million (for 18 Directors).

The total amount of remuneration, etc. payable to the Auditors for the fiscal year under review was ¥207 million (for 5 Auditors).

Of the above, the total amount of remuneration, etc. payable to the Outside Director and Outside Auditors was ¥63 million (for 1 Director and 3 Auditors).

(3) Matters concerning the Outside Director and Outside Auditors

Major activities

Name	Major activities
Masato Ono	He attended 13 out of 13 meetings of the Board of Directors, and provided advice whenever necessary, based on his wide experience, expertise and knowledge he had obtained as a long-serving corporate executive.
Takeo Nakagawa	He attended 13 out of 13 meetings of the Board of Directors and 3 out of 3 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.
Masaharu Sumikawa	He attended 10 out of 10 meetings of the Board of Directors and 2 out of 2 meetings of the Board of Auditors, that were held after his appointment as an Outside Auditor on June 27, 2014, 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 13 out of 13 meetings of the Board of Directors and 3 out of 3 meetings of the Board of Auditors, and provided advice whenever necessary, based on his wide experience, expertise and knowledge as an attorney at law.

Non-Consolidated Balance Sheet

(As of March 31, 2015)

(Millions of yen)

Titles of Account	Amount	Titles of Account	Amount
<u>(Total Assets)</u>	<u>1,317,514</u>	<u>(Liabilities)</u>	<u>157,151</u>
Current assets	948,618	Current liabilities	125,563
Cash and deposits	670,413	Accounts payable	29,683
Notes receivable -- trade	11,417	Accrued expenses	9,742
Accounts receivable -- trade	58,318	Accrued charge	15,753
Securities	120,000	Income taxes payable	64,548
Merchandise and finished goods	15,952	Warranty reserves	2,651
Work in process	37,945	Other	3,186
Raw materials and supplies	11,137	Long-term liabilities	31,588
Deferred tax assets	13,775	Reserve for employees' retirement benefits	28,777
Other	10,312	Other	2,811
Allowance for doubtful accounts	(651)		
Fixed assets	368,896	<u>(Net assets)</u>	<u>1,160,363</u>
Tangible fixed assets	235,250	Shareholders' equity	1,153,065
Buildings	78,159	Capital stock	69,014
Machinery and equipment	28,423	Capital surplus	96,128
Lands	114,250	Legal capital surplus	96,057
Other	14,418	Other capital surplus	71
Intangible fixed assets	596	Retained earnings	1,300,778
Investments and other assets	133,050	Legal retained earnings	8,252
Investment securities	16,120	Other retained earnings	1,292,526
Stocks of subsidiaries and affiliates	107,086	Treasury stock	(312,855)
Deferred tax assets	9,744	Valuation and translation adjustments	7,298
Other	100	Valuation difference on available-for-sale securities	7,298
Allowance for doubtful accounts	(0)		
Total	1,317,514	Total	1,317,514

Non-Consolidated Statement of Income

(April 1, 2014 through March 31, 2015)

(Millions of yen)

Titles of Account	Amount
Net sales	554,448
Cost of sales	283,370
Gross profit	271,078
Selling, general and administrative expenses	40,651
Operating income	230,427
Non-operating income	35,623
Interest and dividends income	32,783
Other	2,840
Non-operating expenses	1,516
Loss on sales and retirement of noncurrent assets	904
Miscellaneous loss	612
Ordinary income	264,534
Income before income taxes	264,534
Income taxes	83,207
Income taxes -- current	88,194
Income taxes -- deferred	(4,987)
Net income	181,327

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

(April 1, 2014 through March 31, 2015)

(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, 2014	69,014	96,057	65	96,122	8,252	1,159,210	1,167,462
Accumulated change due to changes in accounting policies						(1,452)	(1,452)
Balance at March 31, 2014 after adjustment of changes in accounting policies	69,014	96,057	65	96,122	8,252	1,157,758	1,166,010
Changes during this term							
Dividends of retained earnings						(46,559)	(46,559)
Net income						181,327	181,327
Purchase of treasury stock							
Disposal of treasury stock			6	6			
Net change in items other than shareholders' equity during this term							
Total changes during this term	-	-	6	6	-	134,768	134,768
Balance at March 31, 2015	69,014	96,057	71	96,128	8,252	1,292,526	1,300,778

	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, 2014	(312,299)	1,020,299	4,954	4,954	1,025,253
Accumulated change due to changes in accounting policies		(1,452)			(1,452)
Balance at March 31, 2014 after adjustment of changes in accounting policies	(312,299)	1,018,847	4,954	4,954	1,023,801
Changes during this term:					
Dividends of retained earnings		(46,559)			(46,559)
Net income		181,327			181,327
Purchase of treasury stock	(559)	(559)			(559)
Disposal of treasury stock	3	9			9
Net change in items other than shareholders' equity during this term			2,344	2,344	2,344
Total changes during this term	(556)	134,218	2,344	2,344	136,562
Balance at March 31, 2015	(312,855)	1,153,065	7,298	7,298	1,160,363

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

REPORT OF INDEPENDENT AUDITORS

May 18, 2015

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 46th fiscal year from April 1, 2014 to March 31, 2015, 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, 2015)

(Millions of yen)

Titles of Account	Amount	Titles of Account	Amount
(Total Assets)	1,611,626	(Liabilities)	224,931
Current assets	1,273,355	Current liabilities	172,611
Cash and deposits	871,236	Notes and accounts payable – trade	40,572
Notes and accounts receivable – trade	135,127	Income taxes payable	72,219
Securities	120,000	Warranty reserves	6,546
Merchandise and finished goods	54,280	Other	53,274
Work in process	42,859	Long-term liabilities	52,320
Raw materials and supplies	11,662	Liability related to retirement benefits	47,534
Deferred tax assets	26,686	Other	4,786
Other	13,669		
Allowance for doubtful accounts	(2,164)	(Net assets)	1,386,695
Fixed assets	338,271	Shareholders' equity	1,353,071
Tangible fixed assets	265,925	Capital stock	69,014
Buildings and structures	95,024	Capital surplus	96,277
Machinery, equipment and vehicles	30,075	Retained earnings	1,500,635
Lands	125,893	Treasury stock	(312,855)
Other	14,933	Accumulated other comprehensive income	26,106
Intangible fixed assets	950	Valuation difference on available-for-sale securities	7,482
Investments and other assets	71,396	Foreign currency exchange adjustment	29,372
Investment securities	59,753	Total accumulated other comprehensive income	(10,748)
Other	11,643	Minority interests	7,518
Allowance for doubtful accounts	(0)		
Total	1,611,626	Total	1,611,626

Consolidated Statement of Income

(April 1, 2014 through March 31, 2015)

(Millions of yen)

Titles of Account	Amount
Net sales	729,760
Cost of sales	350,746
Gross profit	379,014
Selling, general and administrative expenses	81,175
Operating income	297,839
Non-operating income	15,698
Interest and dividends income	3,665
Other	12,033
Non-operating expenses	1,586
Loss on sales and retirement of noncurrent assets	906
Miscellaneous loss	680
Ordinary income	311,951
Income before income taxes and minority interests	311,951
Income taxes	103,099
Income taxes – current	111,261
Income taxes – deferred	(8,162)
Income before minority interests	208,852
Minority interests	1,253
Net income	207,599

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

REPORT OF INDEPENDENT AUDITORS

May 18, 2015

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, 2014 to March 31, 2015, 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 46th fiscal year from April 1, 2014 to March 31, 2015, 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 20, 2015

The Board of Auditors
FANUC CORPORATION

Shunsuke Kimura (seal)
Standing Auditor

Naoki Shimizu (seal)
Standing Auditor

Takeo Nakagawa (seal)
Outside Auditor

Masaharu Sumikawa (seal)
Outside Auditor

Hajime Harada (seal)
Outside Auditor

Reference Material for the Ordinary General Meeting of Shareholders

Item 1 Dividend for the Second Half of Fiscal Year 2014

Since April, 2015, our shareholder return policy is as follows:

1. Dividends

In order to further enhance the distribution of profits to our shareholders in the long term, we have decided, as our basic policy, to implement a dividend payout ratio of 60% (formerly 30% since the fiscal year ending March 2007) of our consolidated net profit for the full fiscal year, starting from the fiscal year ending March 2015.

2. Share buybacks

We aim to buy back our own shares in a flexible manner depending on the level of our stock prices, taking into account the balance with our investment in growth, and where the Five-Year Average Total Return Ratio(*) does not exceed 80%.

(*) Five-Year Average Total Return Ratio means the ratio of the total combined amount of dividends and the total amount of share buybacks, over the total amount of our consolidated net profit for a five-year period.

3. Cancellation of treasury shares

We aim to limit the number of our treasury shares that we hold to a maximum of 5% of the total number of issued shares. We will, as a general rule, cancel any portion exceeding that limit every fiscal year.

Based on the aforementioned shareholder return policy, in order that the dividend payout ratio for the fiscal year 2014 (the fiscal year ended March 2015) will be 60% of our consolidated net profit for the full fiscal year, in total with the dividend for the first half of the fiscal year that has been paid in December, 2014, it is proposed that the dividend for the second half of the fiscal year be as follows: (The dividend for the full fiscal year will be ¥636.62 per share, in total with the dividend for the first half of the fiscal year that has been paid in December, 2014 (¥144.69 per share), resulting in ¥491.93 per share for the second half.)

① Type of dividend asset

Cash

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

¥491.93 per share of common stock

Total amount of payout: ¥96,243,696,503

③ Effective date of dividend payment

June 29, 2015

Item 2 Election of fourteen (14) Directors

The term of office of the twelve (12) Directors will expire at the conclusion of the meeting. In order to strengthen the management structure of the company, it is proposed that the number of Outside Directors be increased by two (2) and that a total of fourteen (14) Directors be nominated.

The 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) 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 October 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) Vice General Manager (Sales), FA Business Division of the Company (to the present) General Manager, Service Division of the Company (to the present)	5,116 shares
9	Toshiya Okada (August 21, 1961)	April 1984 August 1999 June 2012 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 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
13	Kazuo Tsukuda (September 1, 1943)	April 1968 June 1999 April 2002 June 2003 April 2008 April 2013 June 2013	Joined Mitsubishi Heavy Industries, Ltd. Appointed Director (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd. Appointed Managing Director (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd. Appointed President (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd. Appointed Chairman (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd. Appointed Senior Executive Advisor (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd. Appointed Senior Corporate Advisor of Mitsubishi Heavy Industries, Ltd. (to the present) (Significant concurrent posts of other entities) Senior Corporate Advisor of Mitsubishi Heavy Industries, Ltd. Outside Director of Mitsubishi Corporation Outside Director of Mitsubishi Research Institute, Inc. Outside Director of Keihan Electric Railway Co., Ltd. Outside Auditor of Yamaguchi Financial Group, Inc.	0 shares
14	Yasuo Imai (October 22, 1948)	July 1971 July 2002 July 2003 July 2004 July 2006 April 2007 June 2007 April 2008 June 2011	Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry) Appointed Director - General of Manufacturing Industries Bureau of the ministry Appointed Commissioner of Japan Patent Office Appointed Adviser of Japan Industrial Policy Research Institute Appointed Senior Managing Executive Officer, Executive Vice President of Pipe & Tube Company, of Sumitomo Metal Industries, Ltd (currently Nippon Steel & Sumitomo Metal Corporation) Appointed Senior Managing Executive Officer, President of Pipe & Tube Company of the company Appointed Director & Senior Managing Executive Officer (<i>Member of the Board</i>), President of Pipe & Tube Company of the company Appointed Director & Executive Vice President (<i>Member of the Board</i>), President, Pipe & Tube Company of the company Appointed President, Chief Operating Officer (<i>Member of the Board</i>) of AIR WATER INC. (to the present) (Significant concurrent posts of other entities) President, Chief Operating Officer (Member of the Board) of AIR WATER INC.	0 shares

Notes:

1. Masato Ono, Kazuo Tsukuda, and Yasuo Imai are candidates for Outside Director as defined in Article 2, Item 15 of the

Companies Act of Japan.

2. Matters concerning candidates for Outside Director

(1) Masato Ono

Our company has specialized in business activities in the narrow field of the automation of manufacturing and as such the Board of Directors consists mostly of Directors with engineering background focusing on its core business. Given this context, Masato Ono has given the Company extremely valuable advice on enhancing corporate value from a totally different point of view by contributing to active discussions at the meeting of the Board of Directors based on his many years of experience in management of financial institutions.

Masato Ono served as Deputy President and Representative Director of Mizuho Financial Group, Inc. The Company has never applied for a loan from its group banks. In addition, it has been over 7 years since he retired as Director of the Mizuho Financial Group, Inc. For this reason, we propose the reelection of Masato Ono, who has continued to contribute to the Company's Board of Directors from an independent position as Outside Director.

In addition, the Company has appointed Outside Director Masato Ono as an Independent Director as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange.

His term of office as Outside Director of the Company will have been two years at the conclusion of the coming shareholder meeting.

Masato Ono has attended all thirteen (13) meetings of the Board of Directors that were held in the fiscal year under review.

(2) Kazuo Tsukuda

In order to develop the Company's business steadily and to enhance its corporate value, it is quite effective to introduce to the Board of Directors an outsider's eye with a broad perspective and excellent insight. We believe that Kazuo Tsukuda, with his outstanding knowledge of manufacturing and extensive experience in management has a deep understanding of the Company's business and is more than adequately qualified to fulfill such a role. Mitsubishi Heavy Industries, Ltd. for which Kazuo Tsukuda served as Chairman of the Board and President and CEO, has business transactions with the FANUC Group. However, the transactions amounted to a fairly insignificant amount equivalent to less than 1% of the respective consolidated net sales of both companies. Thus, his independence is secured.

If this Item is approved as proposed, the Company will submit a notification to the Tokyo Stock Exchange that it has appointed Kazuo Tsukuda as an Independent Director.

(3) Yasuo Imai

After joining in the Ministry of International Trade and Industry (currently, the Ministry of Economy, Trade and Industry), Yasuo Imai had experience posted overseas as General Manager of the Washington Office of Japan National Oil Corporation. He successfully held a number of positions starting from the post of Deputy Director-General, Director-General of the Petroleum Department of Agency for Natural Resources and Energy. Subsequently he moved to the post of Director-General of the Manufacturing Industries Bureau, and then to the post of Commissioner of the Japan Patent Office. Based on these experiences, Yasuo Imai is familiar with foreign affairs, has a global perspective and extensive knowledge concerning manufacturing, and understands the protection of intellectual property, etc. At the same time, he is a currently active corporate executive and is also knowledgeable about corporate management due to his nearly 10 years experience in business. We believe that we can expect Yasuo Imai as Outside Director to provide valuable advice due to his extensive experience in various fields and from his broad vision.

AIR WATER INC. at which he serves as President has no business transactions with the Company.

If this Item is approved as proposed the Company will submit a notification to the Tokyo Stock Exchange that it has appointed Yasuo Imai as an Independent Auditor.

3. We have entered into an agreement with Masato Ono limiting his liability for damages as defined under Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act.

If this item is approved as originally proposed, the Company will enter into a limited liability agreement with the same contents as above with Kazuo Tsukuda and Yasuo Imai, respectively.

Item 3 Election of Three (3) Auditors

The term of office of the three (3) Auditors, Shunsuke Kimura, Naoki Shimizu and Takeo Nakagawa, will expire at the conclusion of the meeting. Accordingly, the election of three (3) Auditors is proposed.

The candidates for Auditors are as follows:

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

Candidates' number	Name (Date of birth)	Personal history, position and significant concurrent posts of other entities	Number of shares of the Company held by candidate
1	Shunsuke Kimura (August 5, 1950)	April 1974 November 2003 April 2008 June 2009 May 2010	100 shares
2	Naoki Shimizu (July 10, 1959)	April 1982 August 1993 June 2003 May 2010 May 2014	100 shares
3	Takeo Nakagawa (October 12, 1938)	May 1999 October 2000 June 2007 April 2015 (Significant concurrent posts of other entities) Professor Emeritus of the University of Tokyo Chairman of Fine Tech Co., Ltd. Outside Director of TSUGAMI CORPORATION Outside Director of Nippon Pillar Packing Co., Ltd. Outside Director of OSG CORPORATION	1,060 shares

Notes:

1. Takeo Nakagawa is a candidate for Outside Auditor as defined in Article 2, Item 16 of the Companies Act of Japan.
2. As Professor Emeritus of the University of Tokyo and a corporate manager, Takeo Nakagawa has been consistently engaged in "monozukuri (manufacturing)." Given this context, he has as Outside Auditor given us objective and valuable advice from various aspects based on his profound understanding of the Company's business. As we believe that we can expect him to continue to play a significant role going forward we propose his reelection as Outside Auditor.
Fine Tech Co., Ltd. of which he is engaged in management has business transactions with the Company. However, the amount of the transactions accounts for less than 1% (almost 0% in fact) of the respective consolidated net sales of both companies; thus, his independence is secured.
Takeo Nakagawa's term of office as Outside Auditor of the Company will have been eight years at the conclusion of the meeting.
In addition, he attended all thirteen (13) meetings of the Board of Directors and all three (3) meetings of the Board of Auditors that were held in the fiscal year under review.
3. We have entered into an agreement with Takeo Nakagawa limiting his liability for damages as defined under Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act.
4. The Company has named the Outside Auditor Takeo Nakagawa as an Independent Auditor as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange.

- END -