

(TRANSLATION)

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(Securities code: 6954)
June 7, 2018

To Our Shareholders

Kenji Yamaguchi
Representative Member of the Board
President
FANUC CORPORATION
3580, Shibokusa Aza-Komanba, Oshino-mura,
Minamitsuru-gun, Yamanashi Prefecture

**Notice of Convocation of
The 49th Ordinary General Meeting of Shareholders**

Dear Shareholders,

You are cordially invited to attend the 49th 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), Wednesday, June 27, 2018.

[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 (<https://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:** Thursday, June 28, 2018, 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 consolidated financial statements, the non-consolidated financial statements and the results of audit of the consolidated financial statements by the Accounting Auditors and the Audit & Supervisory Board for the 49th fiscal year (from April 1, 2017 to March 31, 2018).
 - Matters to be resolved:**
 - Item 1:** Dividends of Surplus
 - Item 2:** Election of Thirteen (13) Directors
 - Item 3:** Election of One (1) Audit & Supervisory Board Member

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 (<https://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 (<https://www.fanuc.co.jp>).

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

BUSINESS REPORT (April 1, 2017 through March 31, 2018)

1. Summary of Current Status of the FANUC Group

(1) Business trends and achievements

In the business environment surrounding the FANUC Group during this period, demands generally remained favorable in all regions, such as Japan, the Americas, Europe, and Asia. Particularly, demands for capital investment were robust in China.

Under these circumstances, the FANUC Group promoted initiatives allowing our customers to easily build and maintain a highly reliable, efficient, and innovative production system with our products and services, by uniting as one group under the slogans “one FANUC,” “Reliable” “Predictable” “Easy to Repair,” and “Service First.” In addition, while proceeding with the application of AI technology to our products, in October 2017, we started operation in Japan of the FIELD system (FANUC Intelligent Edge Link and Drive system), an open platform in which various companies can participate, as an IoT initiative.

During the fiscal year ended March 31, 2018, FANUC posted consolidated net sales totaling ¥726,596 million, up 35.3%, consolidated ordinary income totaling ¥249,525 million, up 47.8%, and consolidated net income totaling ¥181,957 million, up 42.5%, compared with the previous fiscal year.

(Note): “Net income” in “Summary of Current Status of the FANUC Group” means “Net income attributable to owners of parent” in the Consolidated Statement of Income.

Furthermore, to meet the increasing demand for robots, we engaged in initiatives to reinforce our production capacity, including the construction of the robot factory in Chikusei, Ibaraki Prefecture.

During this period, the “FIELD system,” an open platform for the manufacturing industry aimed at further improvement in productivity and efficiency in the manufacturing sector, won the “Nikkan Kogyo Shimibun Best 10 New Product Awards 2017/Masuda Award” and the “Nikkei Business Daily Awards for Excellence / 2017 Nikkei Superior Products and Services Awards.”

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

[FA Division]

Demand in the machine tool industry, the primary market for FANUC CNC systems, remained favorable mainly in Japan, China, Europe, India, and other countries. Demand was also steady in other Asian economies. As a result, net sales of CNC systems of the FANUC Group increased sharply compared with the previous fiscal year. In March 2018, the total accumulated CNC shipment volume surpassed 4,000,000 units.

In terms of development, “Fast Cycle-time Technology,” a control technology group capable of reducing cycle time, was developed for the nano CNC “FANUC 30*i* series” that delivers high-speed, high-quality machining, and for FANUC’s global-standard CNC “FANUC 0*i* series.” In addition, various other functions were also developed to improve machining performance and the operability of machines. Furthermore, we proactively worked to improve operation rates with IoT technology by upgrading and adding functions to “MT-LINK*i*,” software that aggregates and visualizes information from factory equipment, and “SERVO Viewer,” software that enables monitoring of machines and machining operation status from motor movement.

In the servo field, an ultra-large model was added to the “Servo Motor *α*-B series.” This is expected to expand sales in the large servo press market. Furthermore, the lineup was enhanced and new features were developed to expand sales in various markets.

Although FANUC laser sales were sluggish domestically and abroad, efforts were continued to expand sales of fiber laser oscillators.

In terms of development, for the fiber laser oscillator “FANUC FIBER LASER series,” a Fiber Selector was developed which splits laser light to allow a single laser oscillator to supply laser light to two robots. This is expected to help make FANUC’s laser robot systems more competitive.

The FA Division posted consolidated sales of ¥222,254 million, up 27.0% compared with the previous fiscal year, and FA Division sales accounted for 30.6% of consolidated net sales.

[ROBOT Division]

Sales of robots remained favorable in the Americas, Europe, and China, with particularly strong demand in China. Sales were also steady in Japan. As a result, net sales by the ROBOT Division as a whole increased sharply compared with the previous fiscal year. In November 2017, the total accumulated robot production volume surpassed 500,000 units.

New developments included an addition to the product lineup of the new “FANUC Robot SR series” of SCARA robots, which feature high accuracy and high-duty performance and are optimized for assembling electronics and high-speed handling of electronic components. A 15 kg payload model was also added to the lineup of our green “Collaborative Robots,” which do not require a safety fence and enable robots and humans to work together. The new “3D Vision Sensor 3DV/400” was also developed, which is small-sized and light-weighted and can be mounted on robots. It helps reduce cycle time by greatly reducing imaging time compared to conventional sensors. With such new products and new functions, the range of application of FANUC robots is anticipated to expand further.

The ROBOT Division posted consolidated sales of ¥227,827 million, up 19.9% compared with the previous fiscal year. ROBOT Division sales accounted for 31.3% of consolidated net sales.

[ROBOMACHINE Division]

Sales of the ROBODRILL (small machining center), ROBOSHOT (electric injection molding machine), and ROBOCUT (wire-cut electric discharge machine) were steady for the automobile industry. IT-related sales were also steady in general, with particularly active short-term demand in China and other countries. As a result, net sales grew significantly compared with the previous fiscal year.

On the development front, for the “FANUC ROBODRILL α -DiB series” and wire-cut electric discharge machine “FANUC ROBOCUT α -CiB series,” an “AI thermal displacement compensation function” was developed, which uses machine learning technology to predict and compensate for thermal displacement based on data from multiple heat sensors placed on machine components. This function improves machining stability amid changes in ambient temperature, and will help expand sales of related ROBOMACHINE products. Furthermore, for the electric injection molding “FANUC ROBOSHOT α -SiA series,” a “backflow monitoring function” was developed, which predicts wear on check valves using deep learning technology. This function will enhance preventive maintenance functions.

As for the ROBONANO (ultra-precision machine), sale of the ultra-precision “FANUC ROBONANO α -NMiA,” a machining system to which FANUC’s latest FA technology was applied, was launched in September 2017 in Japan. Conformity with overseas safety standards was also completed in preparation for launch in overseas markets.

As a result, the ROBOMACHINE Division posted consolidated sales of ¥190,182 million, up 102.5% compared with the previous fiscal year. ROBOMACHINE Division sales accounted for 26.2% of consolidated net sales.

[Service Division]

The Service Division, under the slogan of “Service First,” offered rapid maintenance services in order to minimize downtime at customers’ factories in our maintenance service areas covering 107 countries worldwide (as of March 31, 2018), while strengthening our service system, improving service technologies, enhancing service tools, and improving efficiency through the adoption of IT.

As part of our efforts to strengthen our service system, the new Nagoya Service Center was opened. Together with Hino Branch, this gives FANUC site redundancy for its call centers and parts centers, creating a system that enables swift service support for our customers even in the event of a disaster or other contingency.

The Service Division posted consolidated sales of ¥86,333 million, up 10.8% compared with the previous fiscal year. Service Division sales accounted for 11.9% of consolidated net sales.

【Efforts for AI and IoT】

FANUC is pushing the application of AI technology, with the cooperation of Preferred Networks, Inc. in all product groups of the FA, ROBOT and ROBOMACHINE Divisions. Going forward, FANUC will further promote the introduction of intelligence to its products by more specifically utilizing AI technology in order to differentiate itself from other companies and to add value.

As for support for IoT, new features are added to the existing LINK*i* function of the FA and ROBOMACHINE, and the operation of the FIELD system (FANUC Intelligent Edge Link and Drive system), an open platform in which a wide range of companies can participate, began in October 2017 in Japan. The FIELD system is an IoT product that connects various equipment in manufacturing sites to improve productivity, and its major characteristic is that the system is able to process information on a real-time basis at the edge (machining site, assembly site) of manufacturing sites.

The combination of the FIELD system and AI technology is expected to have an even greater synergy effect. In other words, the application of the AI technology (deep learning technology) of Preferred Networks to the FIELD system will further enhance the performance of intelligent functions of products and allow the result thereof to be shared by IoT.

【Research and Development】

During this period, FANUC continued to actively hire new researchers and expand its laboratories in order to conduct research and development faster and more reliably. In this environment, in an effort to contribute to automating and increasing efficiency in customers' manufacturing, FANUC's CNC Hardware Laboratory, CNC Software Laboratory, SERVO Laboratory, Laser Laboratory, ROBOT Mechanical Development Laboratory, ROBOT Software Development Laboratory, ROBODRILL Laboratory, ROBOSHOT Laboratory, ROBOCUT Laboratory, and ROBONANO Research Department 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 in the market.

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

Furthermore, in October 2017, the FANUC Europe Development Center was opened in Germany to increase market share further in Europe. This will enable swift response to our European customers' requests.

(2) Capital Investment

FANUC pushed forward in the construction of a new robot factory in Chikusei City, Ibaraki Prefecture. Additionally, FANUC ACADEMY was completed in Oshino-mura, Yamanashi Prefecture, as a training facility to support the effective use of FANUC products by our customers. Furthermore, a new laser factory was completed in Mibu-machi, Tochigi Prefecture. Other investments were also made toward future growth, including investments to boost production capacity, streamline manufacturing, and strengthen our service system.

Total capital investment during the fiscal year under review was ¥116,110 million.

(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

It is anticipated that the active IT-related short-term demand in the fiscal year 2017 will slow down in the fiscal year 2018. Due to this and a variety of factors for uncertainty, including international trade friction, its impacts and foreign exchange movements, the situation is expected to remain challenging and unpredictable as a whole.

Even under these circumstances, the FANUC Group, looking ahead to the future, will continue management based on a long-term perspective that is not affected by short-term events.

Based on this fundamental thought and the slogan of “one FANUC,” the FANUC Group shall take maximum advantage of our unique strength in uniting our FA, ROBOT and ROBOMACHINE Divisions to jointly provide total solutions and taking care of customers throughout the world.

In addition, the FANUC Group will adhere to 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 the operation rate. At the same time, as a supplier of capital goods, we will fulfill our supplier responsibility to customers by ensuring our production system that customers can rely on even in the event of contingency.

Furthermore, we shall practice our basic policy of “Service First” in providing high-level services pursuant to FANUC’s global standard anywhere in the world, and “lifetime maintenance” for as long as our customers use our products.

FANUC believes that AI and IoT are indispensable technologies in order for FANUC to continue developing and launching highly competitive products in the market. By proactively adopting these technologies in all areas of the FA, ROBOT and ROBOMACHINE products, we will further promote customers’ production efficiency.

In addition to the above policies focused on the long term, the FANUC Group will do its utmost to improve its research and development capabilities, boost the production capacity of its factories, and enhance its service system with the aim of strengthening the competitiveness of the FANUC Group as a whole and increasing its market share.

United as one group in the promotion of these measures, we will continue to ensure the practice of “Strict Preciseness and Transparency,” the principle of FANUC since its foundation, and make efforts to earn customer’ confidence and trust to an even greater extent in the FANUC Group and become a company that will last forever.

Thank you for your continued support and assistance to FANUC.

(5) Assets and Profits

1) The FANUC Group

(Millions of yen)

Item	FY 2014 (46th term)	FY 2015 (47th term)	FY 2016 (48th term)	FY 2017 (49th term)
Net sales	729,760	623,418	536,942	726,596
Ordinary income	311,951	229,361	168,829	249,525
Net income	207,599	159,700	127,697	181,957
Net income per share (Yen)	1,061.02	816.78	658.63	938.66
Total assets	1,611,626	1,512,895	1,564,769	1,729,080
Net assets	1,386,695	1,334,910	1,369,457	1,467,630

2) The Company

(Millions of yen)

Item	FY 2014 (46th term)	FY 2015 (47th term)	FY 2016 (48th term)	FY 2017 (49th term)
Net sales	554,448	457,479	399,111	572,963
Ordinary income	264,534	190,242	141,733	196,196
Net income	181,327	140,084	112,393	147,664
Net income per share (Yen)	926.74	716.46	579.70	761.75
Total assets	1,317,514	1,231,054	1,271,871	1,397,384
Net assets	1,160,363	1,128,807	1,155,279	1,215,001

(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 machines)

(7) Principal Sites

Head office	Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture
Laboratories	CNC Hardware Laboratory, CNC Software Laboratory, SERVO Laboratory, Laser Laboratory, ROBOT Mechanical Development Laboratory, ROBOT Software Development 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), Mibu Factory (Mibu-machi, Shimotsuga-gun, Tochigi Prefecture), Tsukuba Factory (Chikusei City), Hayato Factory (Kirishima City)
Training Centers	FANUC ACADEMY (Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture)

(8) Employees

Number of employees	The Company	3,495
	The FANUC Group	7,163

(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	100	Manufacture of parts of CNC systems, lasers, robots, ROBODRILL, ROBOSHOT and ROBOCUT
FANUC SERVO LTD	¥450 million	100	Manufacture of servo motors

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: **204,059,017 shares**

(3) Number of shareholders: **57,026**

(4) The ten largest shareholders:

Name	Number of shares (In thousands)	Percentage of equity participation (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,489	13.1
Japan Trustee Services Bank, Ltd. (Trust Account)	15,723	8.1
JPMorgan Chase Bank, N.A. 380072	6,483	3.3
State Street Bank and Trust Company 505001	5,039	2.6
Citibank, N.A. - NY, as Depositary Bank for Depositary Shareholders	4,461	2.3
Japan Trustee Services Bank, Ltd. (Trust Account 5)	3,632	1.9
State Street Bank West Client - Treaty 505234	3,506	1.8
State Street Bank and Trust Company	2,959	1.5
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	2,949	1.5
Japan Trustee Services Bank, Ltd. (Trust Account 1)	2,698	1.4

Note: The percentages of equity participation are calculated after subtracting the number of treasury shares (10,220 thousand shares) from the total number of issued shares.

3. Directors and Audit & Supervisory Board Members

(1) Names of Directors and Audit & Supervisory Board Members, etc.

Position	Name	Responsibilities or significant concurrent posts of other entities
Representative Member of the Board, Chairman and CEO	Yoshiharu Inaba	
Representative Member of the Board, President and COO	Kenji Yamaguchi	General Manager, FA Business Division
Representative Member of the Board, Senior Executive Vice President and CTO	Hiroyuki Uchida	General Manager, ROBOMACHINE Business Division
Representative Member of the Board, Senior Executive Vice President and CFO	Yoshihiro Gonda	General Manager, Corporate Administration Division
Member of the Board, Executive Vice President	Kiyonori Inaba	General Manager, ROBOT Business Division
Member of the Board, Executive Vice President	Hiroshi Noda	Vice General Manager (R&D), FA Business Division
Member of the Board, Executive Vice President	Katsuo Kohari	Vice General Manager (Sales), FA Business Division, and General Manager, Service Division
Member of the Board, Executive Vice President	Shunsuke Matsubara	General Manager, Research & Development Administration Division
Member of the Board, Executive Vice President	Toshiya Okada	Vice General Manager, Corporate Administration Division
Member of the Board	Richard E. Schneider	Chairman (Member of the Board) of FANUC America Corporation
Member of the Board	Kazuo Tsukuda	Senior Corporate Advisor of Mitsubishi Heavy Industries, Ltd.
Member of the Board	Yasuo Imai	Vice Chairman of AIR WATER INC.
Member of the Board	Masato Ono	Special Advisor of Total Insurance Service Limited
Standing Audit & Supervisory Board Member	Shunsuke Kimura	
Standing Audit & Supervisory Board Member	Naoki Shimizu	
Audit & Supervisory Board Member	Takeo Nakagawa	Professor Emeritus of the University of Tokyo Chairman and CEO of Fine Tech Co., Ltd.
Audit & Supervisory Board Member	Masaharu Sumikawa	Non-regular employee for specialized duties, Hitachi, Ltd. (former Executive Vice President and Executive Officer, Hitachi, Ltd.)
Audit & Supervisory Board Member	Hajime Harada	Lawyer

- Notes:
- Directors Kazuo Tsukuda, Yasuo Imai and Masato Ono are Outside Directors.
 - Audit & Supervisory Board Members Takeo Nakagawa, Masaharu Sumikawa and Hajime Harada are Outside Audit & Supervisory Board Members.
 - Other significant concurrent posts:
 Outside Director Kazuo Tsukuda is also an Outside Director of Mitsubishi Research Institute, Inc., Outside Director of Keihan Holdings Co., Ltd. and Outside Director (Audit and Supervisory Committee Member) of Yamaguchi Financial Group, Inc.
 Outside Director Masato Ono is also an Outside Director of Nippon Light Metal Holdings Company, Ltd.
 Outside Audit & Supervisory Board Member Takeo Nakagawa is also an Outside Director of TSUGAMI CORPORATION and Outside Director (Audit & Supervisory Committee Member) of OSG CORPORATION. He was also Member of the Board of Sharp Corporation, from which position he retired on June 20, 2017.
 None of the companies in which the Outside Directors or Outside Audit & Supervisory Board Members concurrently hold posts have special relations with FANUC CORPORATION.
 - The Company has named the three Outside Directors Kazuo Tsukuda, Yasuo Imai and Masato Ono as Independent Directors and the three Outside Audit & Supervisory Board Members 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 Audit & Supervisory Board Members

The total amount of remuneration, etc. payable to the Directors for the fiscal year under review was ¥3,178 million (for 13 Directors).

The total amount of remuneration, etc. payable to the Audit & Supervisory Board Members for the fiscal year under

review was ¥216 million (for 5 Audit & Supervisory Board Members).

Of the above, the total amount of remuneration, etc. payable to the Outside Directors and Outside Audit & Supervisory Board Members was ¥108 million (for 3 Directors and 3 Audit & Supervisory Board Members).

The upper limit of the total annual remuneration, etc. for Directors was set at the total amount of followings by resolution of the 37th Ordinary General Meeting of Shareholders of June 28, 2006.

- 1) Fixed annual aggregate ceiling amount of ¥1 billion
- 2) Variable aggregate ceiling amount, which is set at the consolidated net profit of each half year multiplied by 1/25 of the dividend payout ratio (%). (It should be noted, however that the variable amount for the first half of the fiscal year shall be paid in the second half of the relevant fiscal year and that for the second half shall be paid in the first half of following fiscal year.)

Note: The payout ratio (%) shall be calculated in accordance with the following formula for each half year:

Payout ratio for the first half of the fiscal year (April to September)

$$= \frac{\text{Amount of interim dividend per share for said period}}{\text{Consolidated net income per share for said period}} \times 100$$

Payout ratio for the second half of the fiscal year (October to March next year)

$$= \frac{\text{Amount of year-end dividend per share for said fiscal year}}{\text{(Consolidated net income per share for said fiscal year} \\ - \text{consolidated net income per share for first half of said fiscal year)}} \times 100$$

The upper limit of the total annual remuneration, etc. for Audit & Supervisory Board Members was set at 250 million yen by resolution of the 45th Ordinary General Meeting of Shareholders of June 27, 2014.

(3) Matters concerning the Outside Directors and Outside Audit & Supervisory Board Members

Major activities

Name	Major activities
Kazuo Tsukuda	He attended 12 out of 14 meetings of the Board of Directors, and provided advice whenever necessary, based on his wide experience and knowledge he had obtained as a long-serving corporate executive.
Yasuo Imai	He attended all of 14 meetings of the Board of Directors, and provided advice whenever necessary, based on his wide experience and knowledge he had obtained as a long-serving corporate executive.
Masato Ono	He attended all of 14 meetings of the Board of Directors, and provided advice whenever necessary, based on his wide experience and knowledge he had obtained as a long-serving corporate executive.
Takeo Nakagawa	He attended 13 out of 14 meetings of the Board of Directors and all of 4 meetings of the Audit & Supervisory Board, and provided advice whenever necessary, based on his wide experience and knowledge as a university professor and corporate executive.
Masaharu Sumikawa	He attended all of 14 meetings of the Board of Directors and all of 4 meetings of the Audit & Supervisory Board, and provided advice whenever necessary, based on his wide experience and knowledge he had obtained as a long-serving corporate executive.
Hajime Harada	He attended all of 14 meetings of the Board of Directors and all of 4 meetings of the Audit & Supervisory Board, and provided advice whenever necessary, based on his wide experience and knowledge as a lawyer.

Consolidated Balance Sheet

(As of March 31, 2018)

(Millions of yen)

Titles of Account	Amount	Titles of Account	Amount
(Total Assets)	1,729,080	(Liabilities)	261,450
Current assets	1,127,996	Current liabilities	191,070
Cash and bank deposits	602,329	Notes and accounts payable – trade	52,901
Notes and accounts receivable – trade	175,460	Accrued income taxes	46,466
Marketable securities	145,000	Warranty reserves	7,047
Finished goods	71,680	Other	84,656
Work in process	56,405	Long-term liabilities	70,380
Raw materials and supplies	22,033	Net defined benefit liability	67,562
Deferred income taxes	26,483	Other	2,818
Other	30,030		
Allowance for doubtful accounts	(1,424)		
Fixed assets	601,084	(Net assets)	1,467,630
Property, plant and equipment, at cost	485,877	Shareholders' equity	1,473,236
Buildings	230,204	Common stock	69,014
Machinery, equipment and vehicles	44,484	Capital surplus	96,265
Land	143,036	Retained earnings	1,398,977
Construction in progress	54,654	Treasury stock, at cost	(91,020)
Other	13,499	Accumulated other comprehensive income	(11,646)
Intangible assets	7,064	Valuation difference on available-for-sale securities	13,090
Investments and other assets	108,143	Foreign currency translation adjustment	(619)
Investment securities	89,946	Remeasurements of defined benefit plans	(24,117)
Deferred income taxes	15,245	Non-controlling interests	6,040
Other	3,323		
Allowance for doubtful accounts	(371)		
Total	1,729,080	Total	1,729,080

Consolidated Statement of Income

(April 1, 2017 through March 31, 2018)

(Millions of yen)

Titles of Account	Amount
Net sales	726,596
Cost of sales	398,398
Gross profit	328,198
Selling, general and administrative expenses	98,594
Operating income	229,604
Non-operating income	24,805
Interest and dividends income	4,793
Miscellaneous income	20,012
Non-operating expenses	4,884
Miscellaneous loss	4,884
Ordinary income	249,525
Income before income taxes	249,525
Income taxes	67,088
Income taxes – current	67,660
Income taxes – deferred	(572)
Net income	182,437
Net income attributable to non-controlling interests	480
Net income attributable to owners of parent	181,957

Non-Consolidated Balance Sheet

(As of March 31, 2018)

(Millions of yen)

Titles of Account	Amount	Titles of Account	Amount
<u>(Total Assets)</u>	<u>1,397,384</u>	<u>(Liabilities)</u>	<u>182,383</u>
Current assets	790,473	Current liabilities	140,829
Cash and bank deposits	398,021	Accounts payable	46,486
Notes receivable – trade	21,001	Accrued expenses	30,826
Accounts receivable – trade	99,343	Accrued charge	17,963
Marketable securities	145,000	Accrued income taxes	39,099
Finished goods	18,019	Warranty reserves	3,187
Work in process	51,056	Other	3,268
Raw materials and supplies	20,464	Long-term liabilities	41,554
Deferred income taxes	14,013	Allowance for employees' retirement benefits	38,885
Other	23,954	Other	2,669
Allowance for doubtful accounts	(398)		
Fixed assets	606,911	<u>(Net assets)</u>	<u>1,215,001</u>
Property, plant and equipment, at cost	443,900	Shareholders' equity	1,202,127
Buildings	199,570	Common stock	69,014
Machinery and equipment	41,675	Capital surplus	96,057
Land	128,640	Legal capital surplus	96,057
Construction in progress	53,094	Retained earnings	1,128,076
Other	20,921	Legal retained earnings	8,252
Intangible assets	6,478	Other retained earnings	1,119,824
Investments and other assets	156,533	Reserve for research and development	311,800
Investment securities	32,429	Reserve for reduction entry	42
Stocks of subsidiaries and affiliates	108,668	General reserve	303,580
Deferred income taxes	14,510	Retained earnings brought forward	504,402
Other	1,297	Treasury stock, at cost	(91,020)
Allowance for doubtful accounts	(371)	Valuation and translation adjustment	12,874
		Net unrealized holding gain on other securities	12,874
Total	1,397,384	Total	1,397,384

Non-Consolidated Statement of Income

(April 1, 2017 through March 31, 2018)

(Millions of yen)

Titles of Account	Amount
Net sales	572,963
Cost of sales	340,725
Gross profit	232,238
Selling, general and administrative expenses	57,358
Operating income	174,880
Non-operating income	25,966
Interest and dividends income	22,026
Miscellaneous income	3,940
Non-operating expenses	4,650
Miscellaneous loss	4,650
Ordinary income	196,196
Income before income taxes	196,196
Income taxes	48,532
Income taxes – current	53,234
Income taxes – deferred	(4,702)
Net income	147,664

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

(April 1, 2017 through March 31, 2018)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	
						Reserve for research and development	Reserve for reduction entry
Balance at March 31, 2017	69,014	96,057	—	96,057	8,252	311,800	44
Changes during this term							
Reversal of reserve for reduction entry							(2)
Dividends of retained earnings							
Net income							
Purchase of treasury stock							
Disposal of treasury stock			1	1			
Retirement of treasury stock			(1)	(1)			
Net change except shareholders' equity during this term							
Total changes during this term	—	—	—	—	—	—	(2)
Balance at March 31, 2018	69,014	96,057	—	96,057	8,252	311,800	42

	Shareholders' equity					Valuation and translation adjustment		Total net assets
	Retained earnings			Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings		Total retained earnings					
	General reserve	Retained earnings brought forward						
Balance at March 31, 2017	303,580	448,802	1,072,478	(90,677)	1,146,872	8,407	8,407	1,155,279
Changes during this term:								
Reversal of reserve for reduction entry		2	—		—			—
Dividends of retained earnings		(91,969)	(91,969)		(91,969)			(91,969)
Net income		147,664	147,664		147,664			147,664
Purchase of treasury stock				(442)	(442)			(442)
Disposal of treasury stock				1	2			2
Retirement of treasury stock		(97)	(97)	98	—			—
Net change except shareholders' equity during this term						4,467	4,467	4,467
Total changes during this term	—	55,600	55,598	(343)	55,255	4,467	4,467	59,722
Balance at March 31, 2018	303,580	504,402	1,128,076	(91,020)	1,202,127	12,874	12,874	1,215,001

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

REPORT OF INDEPENDENT AUDITORS

May 21, 2018

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, 2017 to March 31, 2018, 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 Accounting 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

Hitoshi Yonemura (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 Accounting Auditors' Report Related to the Non-Consolidated Financial Statements (Translation)

REPORT OF INDEPENDENT AUDITORS

May 21, 2018

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 49th fiscal year from April 1, 2017 to March 31, 2018, 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 Accounting 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

Hitoshi Yonemura (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 Audit & Supervisory Board (Translation)

AUDIT REPORT

We, the Audit & Supervisory Board, based on the audit report prepared by each Audit & Supervisory Board Member on the performance by the Directors of their duties during the 49th fiscal year from April 1, 2017 to March 31, 2018, prepared this audit report upon deliberation and hereby report as follows:

1. Method of Audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board and the Particulars thereof:

(1) The Audit & Supervisory Board determined the audit policy, audit plans, etc. and received from each the Audit & Supervisory Board Member reports on the state of his performance of audits and the results thereof. The Board also received reports from the Directors, etc. and the Accounting Auditors on the state of performance of their duties, and sought explanations as necessary.

(2) Each Audit & Supervisory Board Member, in accordance with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board and the assignment of duties, etc. determined by the Audit & Supervisory Board, 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, conducted audit in accordance with the following methods.

(i) Each Audit & Supervisory Board Member 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. With regard to its subsidiaries, we maintained constant communication, and exchanged information with the directors, Audit & Supervisory Board Members, etc. thereof, and requested the subsidiaries to render reports on their business operations as necessary.

(ii) 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 corporate group comprising of joint-stock corporations and its subsidiaries, as well as the status of the systems (internal control systems) established pursuant to such resolutions, as described in the business report, and we received from the Directors and employees, etc. regular reports on the state of establishment and operation thereof, sought explanations as necessary, and expressed opinions.

With regard to the internal control on financial reporting, we received from the Directors, etc. and Accounting Auditors 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, Audit & Supervisory Board Members, 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.

(iii) We also monitored and verified whether the Accounting Auditors had maintained an independent position and conducted adequate audits, received from the Accounting Auditors reports on the state of performance of their duties, and requested explanations as necessary. In addition, we received from the Accounting 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 business report and its supplementary schedules, 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 contents of business report and performance by the Directors of their duties concerning such internal control systems, including internal control system 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 22, 2018

Audit & Supervisory Board
FANUC CORPORATION

Shunsuke Kimura (seal)
Standing Audit & Supervisory Board Member

Naoki Shimizu (seal)
Standing Audit & Supervisory Board Member

Takeo Nakagawa (seal)
Outside Audit & Supervisory Board Member

Masaharu Sumikawa (seal)
Outside Audit & Supervisory Board Member

Hajime Harada (seal)
Outside Audit & Supervisory Board Member

Reference Material for the Ordinary General Meeting of Shareholders

Item 1 Dividends of Surplus

Our shareholder return policy is as follows:

(Announced on April 27, 2015)

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% of our consolidated net profit for the full fiscal year.

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 2017 (the fiscal year ended March 31, 2018) 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, 2017, 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 ¥563.20 per share, in total with the dividend for the first half of the fiscal year that has been paid in December, 2017 (¥265.45 per share), resulting in ¥297.75 per share for the second half.)

(1) Type of dividend asset
Cash




(2) Allocation of dividend assets to shareholders and total amount of allocation
¥297.75 per share of common stock
Total amount of payout: ¥57,715,482,751




(3) Effective date of dividend payment
June 29, 2018




Item 2 Election of Thirteen (13) Directors



The term of office of the thirteen (13) Directors will expire at the conclusion of the meeting. Accordingly, the election of the following thirteen (13) Directors (all of whom are renominated) is proposed.


The thirteen (13) 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) Renominated	April 1973 September 1983 June 1989 June 1992 June 1995 May 2001 June 2003 June 2016	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 (<i>Representative Member of the Board</i>) of the Company Appointed President and CEO (<i>Representative Member of the Board</i>) of the Company Appointed Chairman and CEO (<i>Representative Member of the Board</i>) of the Company (to the present)	5,000 shares
2	 Kenji Yamaguchi (August 6, 1968) Renominated	April 1993 October 2000 June 2003 April 2007 June 2008 February 2012 October 2013 June 2016	Joined the Company Manager, Section 1, Dept. 1 of Robot Laboratory of the Company General Manager, Manufacturing Technology of the Company General Manager, Headquarters Factories of the Company General Manager, 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 Appointed President and COO (<i>Representative Member of the Board</i>) of the Company (to the present) General Manager, FA Business Division of the Company (to the present)	2,000 shares
3	 Hiroyuki Uchida (June 12, 1958) Renominated	April 1982 April 1996 June 1997 April 2001 June 2006 October 2013 June 2016	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 General Manager, ROBOMACHINE Business Division of the Company (to the present) Appointed Senior Executive Vice President and CTO (<i>Representative Member of the Board</i>) of the Company (to the present)	1,896 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
4	 Yoshihiro Gonda (July 24, 1960) Renominated	April 1984 October 2000 June 2001 June 2007 February 2012 October 2013 June 2016	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 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 General Manager, Corporate Administration Division of the Company (to the present) Appointed Senior Executive Vice President and CFO (<i>Representative Member of the Board</i>) of the Company (to the present)	1,964 shares
5	 Kiyonori Inaba (February 13, 1978) Renominated	January 2009 May 2013 June 2013 October 2013 June 2016	Joined the Company General Manager, Robot Laboratory 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 General Manager, ROBOT Business Division of the Company (to the present) Appointed Executive Vice President (<i>Member of the Board</i>) of the Company (to the present)	1,000 shares
6	 Hiroshi Noda (May 8, 1963) Renominated	April 1989 January 2002 June 2003 March 2011 October 2013 May 2014 June 2016	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>) of the Company Vice General Manager (R&D), FA Business Division of the Company (to the present) Appointed Executive Vice President (<i>Member of the Board</i>) of the Company (to the present)	1,000 shares
7	 Katsuo Kohari (August 12, 1942) Renominated	April 1968 May 1976 April 2003 June 2003 June 2012 October 2013 May 2014 October 2014 June 2016	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 Vice General Manager (Sales), FA Business Division of the Company (to the present) General Manager, Service Division of the Company (to the present) Appointed Executive Vice President (<i>Member of the Board</i>) of the Company (to the present)	5,116 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
8	 Shunsuke Matsubara (December 4, 1961) Renominated	April 1984 June 2000 June 2001 July 2012 October 2013 June 2016	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 General Manager, Research & Development Administration Division of the Company (to the present) Appointed Executive Vice President (<i>Member of the Board</i>) of the Company (to the present)	1,000 shares
9	 Toshiya Okada (August 21, 1961) Renominated	April 1984 August 1999 June 2012 May 2014 June 2016	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 Vice General Manager, 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)	1,300 shares
10	 Richard E. Schneider (August 14, 1956) Renominated	February 1984 July 1991 September 1997 June 2006 June 2011 June 2013 October 2013 April 2016 July 2016	Joined FANUC America Corporation ("FAC") Appointed Vice President of FAC Appointed President of FAC 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 FAC Appointed Chairman and CEO of FAC Appointed Chairman (<i>Member of the Board</i>) of FAC (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	 Kazuo Tsukuda (September 1, 1943)	April 1968 June 1999 April 2002 June 2003 April 2008 April 2013 June 2013 June 2015	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) Appointed Director (<i>Member of the Board</i>) of the Company (to the present)	0 shares
	Outside Director Independent Director Renominated	(Significant concurrent posts of other entities) Senior Corporate Advisor of Mitsubishi Heavy Industries, Ltd. Outside Director of Mitsubishi Research Institute, Inc. Outside Director of Keihan Holdings Co., Ltd. Outside Director (Audit and Supervisory Committee Member) of Yamaguchi Financial Group, Inc. (Attendance at the Board of Directors meetings held during this period) 86% (12 of 14)		
12	 Yasuo Imai (October 22, 1948)	July 1971 July 2002 July 2003 July 2004 July 2006 April 2007 June 2007 April 2008 June 2011 June 2015 April 2017	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. Appointed Director (<i>Member of the Board</i>) of the Company (to the present) Appointed Director, Vice Chairman of the Board of AIR WATER INC. (to the present)	0 shares
	Outside Director Independent Director Renominated	(Significant concurrent posts of other entities) Director, Vice Chairman of the Board of AIR WATER INC. (Attendance at the Board of Directors meetings held during this period) 100% (14 of 14)		

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
13	 Masato Ono (November 4, 1950) Outside Director Independent Director Renominated	April 1974 March 2006 June 2007 June 2012 June 2013 July 2017	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 CEO (Member of the Board) of Total Insurance Service Limited Appointed Director (<i>Member of the Board</i>) of the Company (to the present) Appointed Special Advisor of Total Insurance Service Limited (to the present) (Significant concurrent posts of other entities) Special Advisor of Total Insurance Service Limited Outside Director of Nippon Light Metal Holdings Company, Ltd. (Attendance at the Board of Directors meetings held during this period) 100% (14 of 14)	0 shares

Notes on the candidates for Outside Directors:

1. Kazuo Tsukuda, Yasuo Imai, and Masato Ono 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) 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. Kazuo Tsukuda has been providing the Company with extremely valuable advice, with his outstanding knowledge of manufacturing and extensive experience in management, having a deep understanding of the Company's business.

Although the Company has business transactions with Mitsubishi Heavy Industries, Ltd., at which Kazuo Tsukuda serves as Senior Corporate Advisor and served as Chairman and President, the transaction value accounts for less than 0.5% of consolidated net sales of both of the companies. Therefore, there is no risk of his independence being affected by that position.

We propose the reelection of Kazuo Tsukuda, 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 Kazuo Tsukuda 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 three (3) years at the conclusion of the coming shareholder meeting.

【(2) Yasuo Imai】

After joining in the Ministry of International Trade and Industry (currently, the Ministry of Economy, Trade and Industry), Yasuo Imai had experience of being 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, being familiar with foreign affairs, has a global perspective and extensive knowledge concerning the manufacturing industry and the protection of intellectual property, etc. At the same time, he is currently an active corporate executive and is also knowledgeable about corporate management due to having more than 11 years' experience in business. Yasuo Imai has been providing the Company with extremely valuable advice as Outside Director with his extensive experience in various fields and from his broad vision.

Although the Company has business transactions with Air Water Inc., at which Yasuo Imai serves as Director, Vice Chairman of the Board, the transaction value accounts for less than 0.5% of consolidated net sales of both of the companies. Therefore, there is no risk of his independence being affected by that position.

We propose the reelection of Yasuo Imai, 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 Yasuo Imai 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 three (3) years at the conclusion of the coming shareholder meeting.

【(3) 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 been providing the Company with extremely valuable advice on enhancing corporate value from a totally different point of view, contributing to active discussions at the meeting of the Board of Directors based on his many years of experience in management of financial institutions.

The Company has made no borrowing from Mizuho Financial Group, Inc., at which Masato Ono served as Deputy President and Representative Director, and it has been over ten (10) years since he retired as Director of Mizuho Financial Group, Inc. Although the Company has business transactions with Total Insurance Service Limited, at which he served as President and CEO until June 2017, the transaction value accounts for less than 0.5% of consolidated net sales of both of the companies. Therefore, there is no risk of his independence being affected by that position.

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 five (5) years at the conclusion of the coming shareholder meeting.


3. We have entered into an agreement with Kazuo Tsukuda, Yasuo Imai and Masato Ono limiting their 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.

Item 3 Election of One (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Masaharu Sumikawa will expire at the conclusion of the meeting. Accordingly, the election of the following one (1) Audit & Supervisory Board Member is proposed.

The candidate for Audit & Supervisory Board Member is as follows.

The Audit & Supervisory Board has consented to the submission of this item.

Name (Date of birth)	Personal history, position, and significant concurrent posts of other entities		Number of shares of the Company held by candidate
 Masaharu Sumikawa (July 2, 1943) Outside Audit & Supervisory Board Member Independent Auditor Renominated	April 1972 June 1995 April 1999 October 2004 April 2006 April 2010 June 2010 June 2012 June 2012 June 2014 (Attendance at the Board of Directors meetings held during this period) 100% (14 of 14) (Attendance at the Audit & Supervisory Board meetings held during this period) 100% (4 of 4)	Joined Hitachi, Ltd. Deputy General Manager, Hitachi Works of Hitachi, Ltd. General Manager, Thermal & Hydroelectric Systems Division, Power and Industrial Systems Group of Hitachi, Ltd. Appointed Executive Vice President and Executive Officer of Hitachi, Ltd. Appointed President and Chief Executive Officer of Hitachi Plant Technologies, Ltd. Appointed Chairman of the Board of Hitachi Plant Technologies, Ltd. Appointed Director of Hitachi, Ltd. Appointed Advisor of Hitachi Plant Technologies, Ltd. Non-regular employee for specialized duties of Hitachi, Ltd. (to the present) Appointed Audit & Supervisory Board Member of the Company (to the present)	0 shares

Notes on the candidate for Outside Audit & Supervisory Board Member:

【Masaharu Sumikawa】

1. Masaharu Sumikawa is a candidate for Outside Audit & Supervisory Board Member as defined in Article 2, Item 16 of the Companies Act of Japan.
2. Masaharu Sumikawa, who has extensive knowledge based on his many years of experience in corporate management in the manufacturing industry, has been providing the Company with advice, etc. from a point of view different from that of the Company while having a deep understanding of the manufacturing industry, contributing greatly not only to statutory audit activities but to the Board of Directors and other meetings that require active and rational discussions.

Although the Company has business transactions with Hitachi, Ltd., at which Masaharu Sumikawa served as Executive Vice President and Executive Officer, the transaction value accounts for less than 0.5% of consolidated net sales of both of the companies. Therefore, there is no risk of his independence being affected by that position.

We propose the reelection of Masaharu Sumikawa, who has continued to contribute to the Company's Board of Directors and Audit & Supervisory Board from an independent position as Outside Audit & Supervisory Board Member.

In addition, the Company has appointed Outside Audit & Supervisory Board Member Masaharu Sumikawa as an Independent Auditor as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange.

His term of office as Outside Audit & Supervisory Board Member of the Company will have been four (4) years at the conclusion of the coming shareholder meeting.

3. We have entered into an agreement with Masaharu Sumikawa 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.

(For Reference) Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members

With regard to Independent Outside Directors and Outside Audit & Supervisory Board Members, the Company nominates candidates who do not have any certain interest in the Company, and who can be expected to make frank comments without hesitation at Board of Directors meetings, etc. Furthermore, in order to ensure such real independence, as minimum requirements, candidates must meet each of the following conditions.

1. Business transactions between the Company and the company from which the candidate comes must amount to less than 2% of the respective consolidated sales of both companies.
2. The Company must not have any loans from the company from which the candidate comes (if the candidate comes from a bank.)
3. The Company must not have any important transactions such as advisory contracts with the candidate or the firm he works for (if the candidate is a lawyer or other professional.)
4. The candidate must not come from the audit firm that is the Company's Accounting Auditor.
5. There must be no other particular reasons that could give rise to a conflict of interest with the Company.
6. The candidate must not be the spouse or a relative within the second degree of anyone who does not meet the above conditions 1 through 5.

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