

May 24, 2021

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Notice Regarding Introduction of Restricted Stock Remuneration System

FANUC CORPORATION reviewed the directors' remuneration system and adopted a resolution regarding introduction of the Restricted Stock remuneration system with transfer restriction (hereinafter referred to as the "System") at the meeting of the Board of Directors held today and we will discuss the System at the 52nd Ordinary General Meeting of Shareholders scheduled to be held on June 24, 2021 (hereinafter referred to as the "General Meeting of Shareholders") and we hereby notify you as follows. Introduction of the System is on condition of approval of transition to a Company with an Audit and Supervisory Committee, as stated in the "Notice Concerning Transition to a Company with Audit and Supervisory Committee and Amendments to Parts of the Articles of Incorporation," announced as of April 27, 2021 by the General Meeting of Shareholders.

Details

1. Purpose, etc., of Introduction of the System

(1) Purpose of Introduction of the System

The System will be introduced as a remuneration system for allotment of Restricted Stock to the Directors of the Company (except for the Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter referred to as the "Eligible Director"), for the Eligible Director to share the merits and risks of share price changes with the shareholders and to further enhance the will of the Directors to contribute to an increase in the share price and an improvement in corporate value.

(2) Conditions for Introduction of the System

As the System provides the Eligible Director with monetary compensation claims as remuneration for allotment of Restricted Stock, introduction of the System is on condition of approval of provision of such remuneration by the shareholders at the General Meeting of Shareholders. At the General Meeting of Shareholders, we will

request that shareholders approve the establishment of a total annual amount of monetary compensation claims be set to ¥350 million or less per year, which are to be provided as the remuneration for Restricted Stock for the Eligible Director, in addition to the amount of remuneration, etc., for the Directors of the Company (except for the Directors who are Audit and Supervisory Committee Members), which we will request for a separate approval of shareholders in connection with transition to the Company with an Audit and Supervisory Committee, comprehensively considering the degree of contribution of the Eligible Director to the Company and other various factors.

2. Outline of the System

(1) Allotment of and payment for Restricted Stock

The Company shall grant Eligible Directors monetary compensation claims as remuneration pertaining to Restricted Stock within the annual limit mentioned above, based on the resolution of the Company's Board of Directors. Each Eligible Director shall receive the allotment of Restricted Stock by making in-kind contribution of all of the monetary compensation claims granted.

The amount of Restricted Stock to be compensated shall be determined by the Board of Directors, within a range that is not particularly advantageous to the Eligible Directors who receive the Restricted Stock, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the trading day prior to the date of the Board of Directors' resolution concerning the issuance or disposal of the Restricted Stock (or the closing price on the trading day immediately before the said day if no transaction is made on such business day).

The abovementioned claims on Restricted Stock shall be granted on the condition that the Eligible Directors have consented to the in-kind contribution described above and entered into a Restricted Stock allotment agreement which includes the details prescribed in section (3) below.

(2) Total number of shares of Restricted Stock

The total number of shares of Restricted Stock to be allotted to the Eligible Directors is 28,000 at a maximum in each fiscal year.

However, on or after the date of the approval of the Item with regard to the System at the General Meeting of Shareholders, this total number of shares of Restricted Stock may be adjusted within reasonable limits if a stock split (including an allotment of the Company's common stock without consideration) or a reverse stock split of the Company's common stock takes place, or if other similar circumstances arise in which adjustments become necessary to the total number of shares of the Company's Restricted Stock to be allotted.

(3) Details of the Restricted Stock allotment agreement

In the allotment of Restricted Stock, the Company and each of the Eligible Directors who receive Restricted Stock shall enter into a Restricted Stock allotment agreement based on the resolution of the Company's Board of Directors. Broadly speaking, such agreement shall include the following provisions:

① Details of transfer restrictions

An Eligible Director who has received an allotment of Restricted Stock shall be restricted from transferring, establishing a security interest or mortgage on, giving as a gift during life or a bequest to the third party, or otherwise disposing of, the Restricted Stock allotted (the "Allotted Shares"), during the period from the date of issuance of the Restricted Stock until he/she resigns or retires from all of Director, Managing Officer and a permanent employee of the Company and all of its subsidiaries (the said restrictions shall be hereinafter referred to as "Transfer Restrictions," and the said restriction period shall be referred to as "Transfer Restriction Period").

② Acquisition of Restricted Stock without consideration

In the event that an Eligible Director who has received an allotment of Restricted Stock resigns or retires from all of Director, Managing Officer and a permanent employee of the Company and all of its subsidiaries during the period from the start date of the Transfer Restriction Period until the day before the date of the first Ordinary General Meeting of Shareholders of the Company after the start of the Transfer Restriction Period, the Company shall rightfully acquire the Allotted Shares without consideration, except in cases where the Board of Directors of the Company finds a valid reason.

In addition, the Company shall rightfully acquire the Allotted Shares without consideration at the expiration of the Transfer Restriction Period described in section ① above if there are any Allotted Shares for which the Transfer Restrictions have not been lifted pursuant to the provisions of the conditions for lifting Transfer Restrictions, described in section ③ below.

③ Lifting of Transfer Restrictions

The Company shall lift the Transfer Restrictions of all of the Allotted Shares at the expiration of the Transfer Restriction Period on the condition that the relevant Eligible Director has served continuously in Director, Managing Officer or a permanent employee of the Company or any of its subsidiaries during the period from the start date of the Transfer Restriction Period until the date of the first Ordinary General Meeting of Shareholders of the Company after the start of the Transfer Restriction Period.

However, if the Eligible Director resigns or retires from all of Director, Managing Officer, and a permanent employee of the Company and all of its subsidiaries before the expiration of the Transfer Restriction Period due to a reason that the Company's Board

of Directors deems reasonable, the Company shall adjust the number of the Allotted Shares whose Transfer Restrictions are to be lifted as well as the timing of the lifting of the Transfer Restrictions in a reasonable manner, as necessary.

④ Handling in cases of organizational restructuring, etc.

If, during the Transfer Restriction Period, a merger agreement under which the Company becomes the disappearing company, a share exchange agreement, or a share transfer plan under which the Company becomes a wholly-owned subsidiary, or any other matter relating to organizational restructuring, etc. is approved at an Ordinary General Meeting of Shareholders of the Company (or at a meeting of the Company's Board of Directors, if such organizational restructuring, etc. does not require the approval of the Company's Ordinary General Meeting of Shareholders), provided that the effective date of such organizational restructuring, etc. comes before the expiration of the Transfer Restriction Period (hereinafter the "Time of Approval of Organizational Restructuring, etc."), and also if the Director who has received an allotment of Restricted Stock resigns or retires from all of Director, Managing Officer and a permanent employee of the Company and all of its subsidiaries in association with the organizational restructuring, etc., the Company shall lift the Transfer Restrictions before the effective date of the said organizational restructuring, etc., with respect to the number of Allotted Shares reasonably determined in consideration of the period from the start date of the Transfer Restriction Period until the date of approval of such organizational restructuring, etc., based on the resolution of the Company's Board of Directors.

In addition, at the Time of Approval of Organizational Restructuring, etc., the Company shall rightfully acquire, without consideration, the Allotted Shares for which the Transfer Restrictions have not been lifted on and as of the business day prior to the effective date of the said organizational restructuring, etc.

(For Reference)

After the conclusion of this Ordinary General Meeting of Shareholders, the Company plans to grant to its Managing Officers (excluding Directors) a type of restricted stock that is similar to the Restricted Stock described above.

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