azbil

## Azbil Corporation

**June 3, 2015**

2-7-3 Marunouchi, Chiyoda-ku, Tokyo

# Notice of the 93rd Ordinary General Meeting of Shareholders

Dear Shareholders:

I would like to express my thanks for your loyal patronage.

You are cordially invited to attend the Ordinary General Meeting of Shareholders of Azbil Corporation, which will be held on Thursday, June 25, 2015, at 10:00 a.m. in the Hall, 4th Floor, The JP TOWER Hall & Conference, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo.

Yours faithfully,

Hirozumi Sone
President and Chief Executive Officer

# Meeting Agenda

**Items to be Reported**

Item 1: Business Reports, Consolidated Financial Statements, and Audit Reports covering Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 93rd term from April 1, 2014 to March 31, 2015

Item 2: Non-Consolidated Financial Statements for the 93rd term from April 1, 2014 to March 31, 2015

**Items to be Resolved**

Item 1: Appropriation of Surplus

Item 2: Partial Revisions to the Articles of Incorporation

Item 3: Election of five (5) Audit & Supervisory Board Members

Item 4: Election of one (1) Substitute Audit & Supervisory Board Member

# Reference Materials for the General Meeting of Shareholders

**Item 1: Appropriation of Surplus**

The Company regards the distribution of profit to shareholders as one of the most important management issues. Taking comprehensive account of consolidated business results, the levels of return on equity and dividend on equity ratio, as well as internal reserves for future business development and the reinforcement of corporate strength, management strives towards improving dividend levels while maintaining stable dividends. Based on this policy, year-end dividends for the 93rd term are proposed as follows.

(1) Type of dividend

Cash

(2) Allocation of dividends to shareholders, and total amount

¥31.50 per share of Company common stock

Total amount: ¥2,326,343,576

As the interim dividend of ¥31.50 per share was paid in December 2014, the total dividend for full year is ¥63 per share.

(3) Effective date of payments for dividends from surplus

June 26, 2015

**Item 2: Partial Revisions to the Articles of Incorporation**

1) Reasons for the revisions

With the aim of making the Company's Audit & Supervisory Board system more stable and reliable, we propose a revision to Article 32 (Term of Office) of the current Articles of Incorporation. Accordingly, in case the number of Audit & Supervisory Board Members falls short of the number provided for in laws and regulations, new provisions on substitute Audit & Supervisory Board Members will be established to set the effective period of the resolution to elect a substitute Audit & Supervisory Board Member to four (4) years, and to clarify the term of office in cases where a substitute Audit & Supervisory Board Member assumes the office of Audit & Supervisory Board Member.

2) Details of the revisions

Details for the revisions are stated as follows:

(Revised portions are underlined.)

| Current Articles of Incorporation | Proposed Revisions |
|---|---|
| Article 32. (Term of Office) | Article 32. (Term of Office) |
| The term of office of Audit & Supervisory Board Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders held in the business year that ends within four (4) years from their assumption of office. | The term of office of Audit & Supervisory Board Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders held in the business year that ends within four (4) years from their assumption of office. |
| (New) | 2. The effective period of the resolution to elect a substitute Audit & Supervisory Board Member elected pursuant to the provision of Article 329, paragraph 3 of the Companies Act shall be until the commencement of the Ordinary General Meeting of Shareholders for the last fiscal year which ends within four (4) years from the time of his/her election. |
| In the event that a new Audit & Supervisory Board Member is chosen to fill the vacancy of an Audit & Supervisory Board Member who retires prior to the completion of his/her full term, then the new Audit & Supervisory Board Member's term will end when the term of office of his/her predecessor's would have expired. | 3. In the event that a new Audit & Supervisory Board Member is chosen to fill the vacancy of an Audit & Supervisory Board Member who retires prior to the completion of his/her full term, then the new Audit & Supervisory Board Member's term will end when the term of office of his/her predecessor's would have expired; provided, however, that if the substitute Audit & Supervisory Board Member elected pursuant to the provision of the preceding paragraph assumes the office of Audit & Supervisory Board Member, the term of office of said Audit & Supervisory Board Member may not continue beyond the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year which ends within four (4) years from the time of his/her election as substitute Audit & Supervisory Board Member. |

**Item 3: Election of five (5) Audit & Supervisory Board Members**

The terms of office for all five (5) current Audit & Supervisory Board Members will expire at the close of this Ordinary General Meeting of Shareholders. Accordingly, the election of five (5) Audit & Supervisory Board Members is proposed. The prior consent of the Audit & Supervisory Board has been obtained for the presentation of this item to the General Meeting of Shareholders.

The following individuals are candidates for Audit & Supervisory Board Members. The candidates for Outside Audit & Supervisory Board Members meet requirements for independence established by the Tokyo Stock Exchange.

| No. | Name (Date of birth) | Biographies, and positions in the Company (Important concurrent positions outside the Company) | Number of shares of the Company held |
|---|---|---|---|
| 1 | Tomohiko Matsuyasu (December 21, 1953) | April 1976 Joined the Company<br>April 2003 Manager of accounting, Accounting & Finance Department of the Company<br>April 2005 General Manager of accounting, Fiscal Control Department of the Company<br>October 2006 General Manager of Consolidated results management, Fiscal Control Department of the Company<br>March 2010 Manager of Corporate Auditors' Staff Office of the Company<br>June 2011 Audit & Supervisory Board Member of the Company (Present post) | 3,300 |
| 2 | * Hisaya Katsuta (February 27, 1958) | April 1983 Joined the Company<br>April 2005 Manager of Production Planning Department of the Company<br>February 2010 Manager of Internal Audit Department of the Company<br>April 2011 Director of the Company, Manager of Internal Audit Department of the Company<br>April 2012 Director of the Company, Manager of Production Management Headquarters Production Management Department of the Company<br>April 2014 Director of the Company, Manager of Production Management Headquarters Purchasing Department of the Company | 5,500 |

| No. | Name<br>(Date of birth) | Biographies, and positions in the Company<br>(Important concurrent positions outside the Company) | Number of shares of the Company held |
|---|---|---|---|
| 3 | Kinya Fujimoto<br>(October 1, 1946) | April 1969 Joined Toyo Precision Engineering Co., Ltd. (Present: Seisa Gear Co., Ltd.)<br>March 1972 Resigned from Toyo Precision Engineering Co., Ltd.<br>April 1972 Joined Shibata Certified Public Accountants Office<br>March 1979 Resigned from Shibata Certified Public Accountants Office<br>March 1979 Established Fujimoto Certified Public Accountants Office (Present post)<br>March 1994 Outside Corporate Auditor of Nihon Kajo Publishing Co., Ltd. (Present post)<br>June 2006 Audit & Supervisory Board Member of the Company (Present post)<br>(Important concurrent positions outside the Company)<br>Certified Public Accountant<br>Outside Corporate Auditor of Nihon Kajo Publishing Co., Ltd. | 4,700 |

■Reasons for recommending Kinya Fujimoto as a candidate for Outside Audit & Supervisory Board Member of the Company

Kinya Fujimoto possesses extensive experience and knowledge relating to finance and accounting, which he has gained through his activities as a Certified Public Accountant over many years. His election as Outside Audit & Supervisory Board Member is requested so that his professional discernment based on this knowledge and experience can be reflected in the auditing of all the Company's businesses, and so that he may strengthen the corporate governance of the Company through his independent standpoint from the Company.

The Company has notified him as Independent Audit & Supervisory Board Member to the Tokyo Stock Exchange.

■Reasons the Company has judged that even the candidate who has not contributed to the Company's management can appropriately perform functions as Outside Audit & Supervisory Board Member of the Company

Although Kinya Fujimoto has not involved in company management other than as external officer, the Company has judged that he can execute his duties as Outside Audit & Supervisory Board Member of the Company appropriately for the above-mentioned reasons.

■The term of office of Kinya Fujimoto as Outside Audit & Supervisory Board Member of the Company will have been 9 years at the conclusion of this Ordinary General Meeting of Shareholders.

■Independence of the candidate for Outside Audit & Supervisory Board Member of the Company

The Company does not conduct monetary or other transactions with Kinya Fujimoto except the remuneration he receives as Outside Audit & Supervisory Board Member of the Company, and there are no vested interests between him and the management of the Company. The Company therefore judges him to be an Independent Outside Audit & Supervisory Board Member.

■Limited liability contracts with Outside Audit & Supervisory Board Member of the Company

In order to enable functions the Company expects from its Outside Audit & Supervisory Board Members, Article 35 of the existing Articles of Incorporation prescribes conclusion of contracts which limits legal liability of Outside Audit & Supervisory Board Member of the Company under Article 423, Paragraph 1 of the Companies Act. Accordingly, Outside Audit & Supervisory Board Member candidate Kinya Fujimoto has signed a limited liability contract with the Company and if his reappointment is approved, the Company will renew the relevant contract with him. Under that contract, the limit of liability shall be set at the minimum level prescribed by the relevant laws and regulations.

| No. | Name<br>(Date of birth) | Biographies, and positions in the Company<br>(Important concurrent positions outside the Company) | Number of shares of the Company held |
|---|---|---|---|
| 4 | *<br>Mitsuhiro Nagahama<br>(October 24, 1953) | April 1976 Joined The Fuji Bank Limited. (Present: Mizuho Bank, Ltd.)<br>March 2003 Executive Officer and General Manager of Otemachi Corporate Banking Division No. 6 and Otemachi Corporate Banking Division No. 7, Mizuho Corporate Bank, Ltd. (Present: Mizuho Bank, Ltd.)<br>April 2005 Senior Executive Officer in charge of Corporate Banking, Mizuho Corporate Bank, Ltd.<br>March 2006 Senior Executive Officer and Head of the Americas, Mizuho Corporate Bank, Ltd.<br>April 2010 Deputy President and Deputy President-Executive Officer and Head of the Americas, Mizuho Corporate Bank, Ltd.<br>April 2012 Director of Japan Center for International Finance (Present post)<br>March 2013 Resigned from Mizuho Corporate Bank, Ltd.<br>April 2013 Chairman of the Board of Mizuho Securities Co., Ltd. & Mizuho Securities USA Inc.<br>April 2015 Adviser of Mizuho Securities Co., Ltd. (Present post)<br>(Important concurrent positions outside the Company)<br>Director of Japan Center for International Finance<br>Adviser of Mizuho Securities Co., Ltd. | - |

■Reasons for recommending Mitsuhiro Nagahama as a candidate for Outside Audit & Supervisory Board Member of the Company

Mitsuhiro Nagahama possesses broad knowledge in the financial and securities sectors and extensive overseas experience, which he has gained through important positions in financial institutions. His election as Outside Audit & Supervisory Board Member is requested so that this knowledge and experience, as well as his broad discernment that reaches beyond corporate management and the industries associated with the Company can be reflected in the auditing of all the Company's businesses, and so that he may further strengthen the corporate governance of the Company through providing advice and recommendations based on a capital market point of view.

The Company plans to notify him as Independent Audit & Supervisory Board Member to the Tokyo Stock Exchange.

■Independence of the candidate for Outside Audit & Supervisory Board Member of the Company

The Company does not conduct monetary or other transactions with Mitsuhiro Nagahama, and there are no vested interests between him and the Company's management.

Mitsuhiro Nagahama hails from Mizuho Bank, Ltd., and although the said bank possesses 1,404 thousand shares of the Company, it does not fall under the category of a major shareholder pursuant to Article 163, Paragraph 1 of the Financial Instruments and Exchange Act. (Note that the Company possesses 1,570 thousand shares of the Mizuho Financial Group, Inc. to which the said bank belongs.) In addition, there are transactions between the Company and the said bank such as borrowings, etc., but the amount of borrowings is about ¥5,000 million, which is about 9.6% of the Company's cash and cash equivalents, about ¥52,000 million, and this impact is not large. Moreover, Mitsuhiro Nagahama resigned from the said bank two years ago. Note that currently, there are no vested interests between the Company and Mizuho Securities Co., Ltd., at which Mitsuhiro Nagahama currently serves as Adviser.

Based on the above, the Company judges Mitsuhiro Nagahama to be an independent candidate for Outside Audit & Supervisory Board Member.

■Limited liability contracts with Outside Audit & Supervisory Board Member of the Company

In order to enable functions the Company expects from its Outside Audit & Supervisory Board Members, Article 35 of the existing Articles of Incorporation prescribes conclusion of contracts which limits legal liability of Outside Audit & Supervisory Board Members under Article 423, Paragraph 1 of the Companies Act. Accordingly, the Company plans to conclude a limited liability contract with Mitsuhiro Nagahama, who is a candidate for an Outside Audit & Supervisory Board Member. Under that contract, the limit of liability shall be set at the minimum level prescribed by the relevant laws and regulations.

| No. | Name<br>(Date of birth) | Biographies, and positions in the Company<br>(Important concurrent positions outside the Company) | Number of shares of the Company held |
|---|---|---|---|
| 5 | *<br>Shigeru Morita<br>(March 7, 1954) | April 1977 Joined Yasuda Mutual Life Insurance Company (Present: Meiji Yasuda Life Insurance Company)<br>April 1996 Manager of Oita Branch of Yasuda Mutual Life Insurance Company<br>April 2002 Manager of Kumamoto Branch of Yasuda Mutual Life Insurance Company<br>April 2007 Manager and Director of Ofuna Branch of Meiji Yasuda Life Insurance Company<br>April 2010 Manager and Director of Marunouchi Branch of Meiji Yasuda Life Insurance Company<br>March 2011 Resigned from Meiji Yasuda Life Insurance Company<br>April 2011 Executive Director of MY SOUGOU KIKAKU Co., Ltd.<br>April 2014 President and Chief Executive Officer of MY SOUGOU KIKAKU Co., Ltd.<br>April 2015 Director of MY SOUGOU KIKAKU Co., Ltd. (Present post)<br>(Important concurrent positions outside the Company)<br>Director of MY SOUGOU KIKAKU Co., Ltd. | - |

■Reasons for recommending Shigeru Morita as a candidate for Outside Audit & Supervisory Board Member of the Company
Shigeru Morita possesses broad knowledge and extensive experience of the life insurance sector gained through important positions in life insurance companies. He has also served in important positions in real estate and facility management companies. His election as Outside Audit & Supervisory Board Member is requested so that not only this knowledge and experience but also his broad discernment that reaches beyond corporate management and the industries associated with the Company can be reflected in the auditing of all the Company's business, and so that he may further strengthen the corporate governance of the Company through providing advice and recommendations from the point of view of business operational risk reduction and control.
The Company plans to notify him as Independent Audit & Supervisory Board Member to the Tokyo Stock Exchange.
■Independence of the candidate for Outside Audit & Supervisory Board Member of the Company
The Company does not conduct monetary or other transactions with Shigeru Morita, and there are no vested interests between him and the Company's management.
Shigeru Morita hails from Meiji Yasuda Life Insurance Company and although the said company possesses 5,214 thousand shares of the Company, it does not fall under the category of a major shareholder pursuant to Article 163, Paragraph 1 of the Financial Instruments and Exchange Act. There are also transactions between the Company and the said company, but the total amounts of sales from these transactions amount to less than 0.1% of net sales of either the Company or the said company in the most recent fiscal year. Moreover, four years have passed since Shigeru Morita resigned from the said company.
Note that there are no vested interests between the Company and MY SOUGOU KIKAKU Co., Ltd., at which Shigeru Morita currently serves as Director.
Based on the above, the Company judges Shigeru Morita to be an independent candidate for Outside Audit & Supervisory Board Member.
■Limited liability contracts with Outside Audit & Supervisory Board Member of the Company
In order to enable functions the Company expects from its Outside Audit & Supervisory Board Members, Article 35 of the existing Articles of Incorporation prescribes conclusion of contracts which limits legal liability of Outside Audit & Supervisory Board Members under Article 423, Paragraph 1 of the Companies Act. Accordingly, the Company plans to conclude a limited liability contract with Shigeru Morita, who is a candidate for an Outside Audit & Supervisory Board Member. Under that contract, the limit of liability shall be set at the minimum level prescribed by the relevant laws and regulations.

(Notes)
1. There are no vested interests between each candidate and the Company.
2. * indicates new candidates.
3. The above biographies, and positions in the Company, and important concurrent positions outside the Company are effective as of the date of publication of this Notice.
4. Kinya Fujimoto, Mitsuhiro Nagahama and Shigeru Morita are candidates for Outside Audit & Supervisory Board Member of the Company under Article 2, Paragraph 3, Item 8 of Ordinance for Enforcement of the Companies Act.

**Item 4: Election of one (1) Substitute Audit & Supervisory Board Member**

With the aim of making the Company's Audit & Supervisory Board system more stable and reliable, the election of one (1) substitute Audit & Supervisory Board Member is proposed in advance, in case the number of Audit & Supervisory Board Members falls short of the number provided for in laws and regulations. The prior consent of the Audit & Supervisory Board has been obtained for the presentation of this item to the General Meeting of Shareholders.

The following individual is the candidate for substitute Audit & Supervisory Board Member. The candidate for substitute Audit & Supervisory Board Member meets requirements for independence established by the Tokyo Stock Exchange.

| Name<br>(Date of birth) | Biographies, and positions in the Company<br>(Important concurrent positions outside the Company) | Number of shares of the Company held |
|---|---|---|
| Waka Fujisou<br>(January 6, 1949) | April 1980 Public prosecutor of Tokyo District Public Prosecutor's Office<br>April 2001 Public prosecutor of Tokyo High Public Prosecutor's Office<br>December 2007 Public prosecutor of Supreme Public Prosecutors Office<br>March 2008 Resigned from Public prosecutor of Supreme Public Prosecutors Office<br>April 2009 Professor of Rikkyo University's Law School<br>September 2011 Member of council of Ministry of Health, Labor and Welfare (Present post)<br>March 2014 Resigned from Professor of Rikkyo University's Law School<br>April 2014 External Professor of Rikkyo University (Present post)<br>(Important concurrent positions outside the Company)<br>Member of council of Ministry of Health, Labor and Welfare<br>External Professor of Rikkyo University | - |

■Reasons for recommending Waka Fujisou as a candidate for substitute Outside Audit & Supervisory Board Member of the Company

Waka Fujisou possesses extensive knowledge and experience mostly related to legal circles that she has gained in her activities over many years as a public prosecutor and her activities even now as a member of council and as a university professor. Her election as substitute Outside Audit & Supervisory Board Member is requested so that her professional discernment based on this knowledge and experience may be reflected in the auditing of all the Company's business, and so that she may further strengthen the corporate governance of the Company through her independent standpoint from the Company.

The Company plans to notify her as Independent Audit & Supervisory Board Member to the Tokyo Stock Exchange if she assumes the office of Audit & Supervisory Board Member.

■Reasons the Company has judged that even the candidate who has not contributed to the Company's management can appropriately perform functions as Outside Audit & Supervisory Board Member of the Company

Although Waka Fujisou has not involved in company management other than as external officer, the Company has judged that she can execute her duties as Outside Audit & Supervisory Board Member of the Company appropriately for the above-mentioned reasons. Therefore, her election as substitute Outside Audit & Supervisory Board Member is requested.

■Independence of the candidate for substitute Outside Audit & Supervisory Board Member of the Company

The Company does not conduct monetary or other transactions with Waka Fujisou, and there are no vested interests between her and the management of the Company. The Company therefore judges her to be an independent candidate for substitute Outside Audit & Supervisory Board Member of the Company.

■Limited liability contracts with Outside Audit & Supervisory Board Member of the Company

In order to enable functions the Company expects from its Outside Audit & Supervisory Board Members, Article 35 of the existing Articles of Incorporation prescribes conclusion of contracts which limits legal liability of Outside Audit & Supervisory Board Members under Article 423, Paragraph 1 of the Companies Act. Accordingly, the Company plans to conclude a limited liability contract with Waka Fujisou, who is a candidate for a substitute Outside Audit & Supervisory Board Member, if her election is approved and she assumes the office of Audit & Supervisory Board Member. Under that contract, the limit of liability shall be set at the minimum level prescribed by the relevant laws and regulations.

(Notes)
1. There are no vested interests between Waka Fujisou and the Company.
2. Waka Fujisou is a candidate for a substitute Outside Audit & Supervisory Board Member of the Company.
3. The above biographies, and positions in the Company, and important concurrent positions outside the Company are effective as of the date of publication of this Notice.

***Note: This English translation is an abridged version of the original notice in Japanese. In the event of discrepancies, the Japanese version shall prevail.***