



(Translation)

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Notice of Establishment of Trust for Employee Stock Ownership Plan (J-ESOP) **(determination of its details)**

On March 30, 2017, Azbil Corporation (“the Company”) announced the introduction of employee stock ownership plan (hereinafter referred to as “the system”; and the trust for the system is hereinafter referred to as “the trust”), an incentive plan for offering the Company’s stocks to its employees, to boost the linkage between stock price and business performance of the Company on the one hand, and the benefit received by employees on the other hand, and to enhance the motivation and morale of employees for increasing stock price and business performance of the Company by sharing economic effects with shareholders. At the Board of Directors meeting held on May 12, 2017, the details, including the date of the establishment of the trust, etc. have been determined, as follows.

Accompanying the introduction of the system, the Company resolved to entrust Trust & Custody Services Bank, Ltd. (Trust E) (a re-trustee entrusted by Mizuho Trust & Banking Co., Ltd., which is the trustee of the trust) with 1,000,000 treasury shares (worth 3,970,000,000 yen) out of the 1,865,659 treasury shares held by the Company (as of March 31, 2017). For details, see “Notice of the Disposal of Treasury Shares through Third Party Allocation” dated today.

1. Outline of the trust

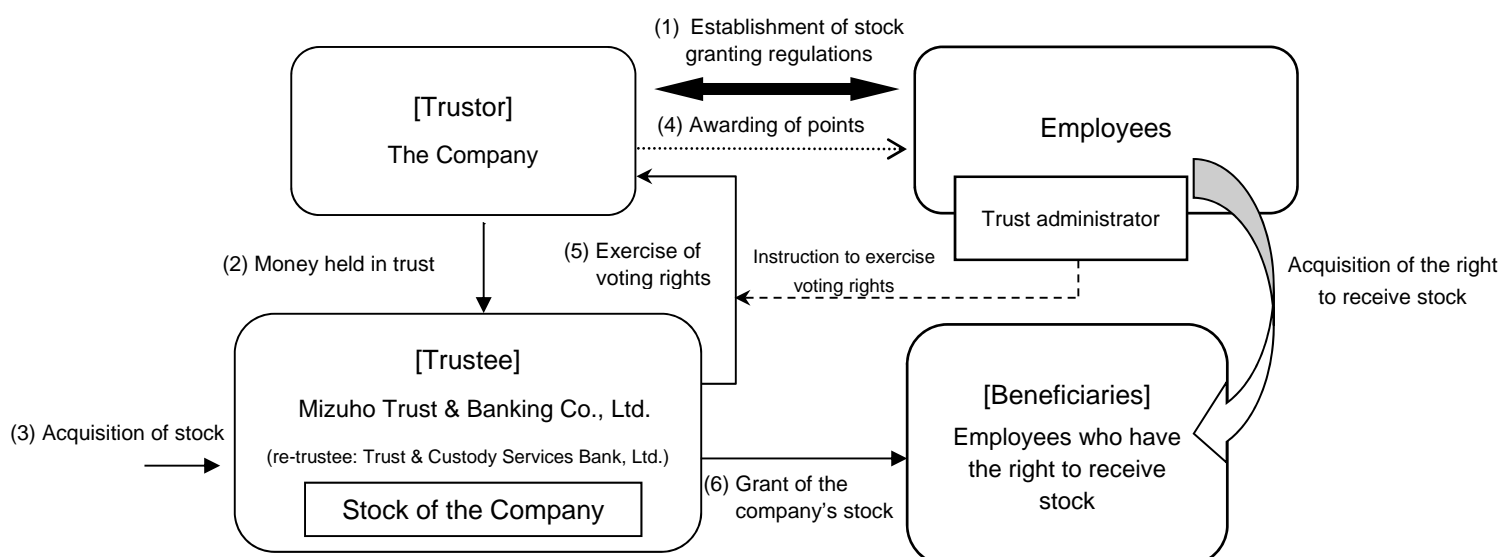
- (1) Name of the trust: Employee stock ownership plan (J-ESOP)
- (2) Trust type: Trust of money other than money in trust (third party trust)
- (3) Purpose of the trust: To offer trust assets, stock of the Company to beneficiaries in accordance with the stock granting regulations
- (4) Trustor: The Company
- (5) Trustee: Mizuho Trust & Banking Co., Ltd. (re-trustee: Trust & Custody Services Bank, Ltd.)
Mizuho Trust & Banking Co., Ltd. concludes a comprehensive trust contract with Trust & Custody Services Bank, Ltd., which becomes a re-trustee.
- (6) Beneficiary: A person who is entitled to receive trust assets in accordance with the stock granting regulations
- (7) Trust administrator: Selected from the employees of the Company

- (8) Date of conclusion of the trust contract: May 29, 2017 (tentative)
- (9) Date of trust establishment: May 29, 2017 (tentative)
- (10) Trust period: From May 29, 2017 (tentative) to June 30, 2027 (tentative)

2. Details of the acquisition of the Company's stock through the trust

- (1) Amount contributed as the fund for acquiring stock: 3,970,000,000 yen
- (2) Type and quantity of stock acquired: 1,000,000 common stock
- (3) Method of acquiring stock: To subscribe for the disposal of treasury shares of the Company
- (4) Date of acquisition of stock: May 29, 2017 (tentative)

<Schematic Diagram of the System>



- (1) The Company establishes the stock granting regulations with the introduction of the system.
- (2) In accordance with the stock granting regulations, the Company places money into the trust bank, for the acquisition of stock in advance, to be offered to employees (third party trust).
- (3) The trust bank acquires the Company' stock through the stock market with the money placed in trust as referred in (2) or through the disposal of treasury shares of the Company.
- (4) The Company awards points to employees in accordance with the stock granting regulations.
- (5) In the trust, the trust bank exercises voting rights based on instructions from the trust administrator.
- (6) In the trust, the trust bank provides those who satisfy the requirements for becoming a beneficiary and are entitled to receive stock, as specified in the stock granting regulations (hereinafter referred to as "beneficiaries"), with the stock of the Company according to the number of points awarded to the beneficiaries.