

IMPORTANT NOTICE

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Securities Code: 1893
June 3, 2016

To Shareholders with Voting Rights

Takuzo Shimizu
President, Chief Executive Officer &
Representative Director
PENTA-OCEAN CONSTRUCTION CO., LTD.
2-8 Koraku 2-chome, Bunkyo-ku, Tokyo, Japan

NOTICE OF THE 66TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We would like to express our sincere condolences to the victims of the 2016 Kumamoto Earthquake and hope for their earliest restoration and recovery.

You are cordially invited to attend the 66th Ordinary General Meeting of Shareholders of the PENTA-OCEAN CONSTRUCTION CO., LTD. (the "Company"). The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights either in writing (mail) or electromagnetic method (the Internet). Please review the Reference Documents for the General Meeting of Shareholders to complete the exercise of your voting rights in accordance with the guidance hereinafter no later than 6:00 p.m., Japan Standard Time (JST) on Thursday, June 23, 2016.

- 1. Date and Time:** Friday, June 24, 2016 at 10:00 a.m., JST
(The reception will begin at 9:00 a.m.)
- 2. Place:** Conference Room, 11th Floor at the Head Office of the Company
2-8 Koraku 2-chome, Bunkyo-ku, Tokyo, Japan
(Please see the attached map at the end of this document)
- 3. Agenda of the Meeting:**
Matters to be reported:
 1. The Business Report, the Consolidated Financial Statements, and the audit results of the Consolidated Financial Statements by the Accounting Auditor and Audit & Supervisory Board for the 66th Fiscal Year (from April 1, 2015 to March 31, 2016).
 2. The Non-consolidated Financial Statements for the 66th Fiscal Year (from April 1, 2015 to March 31, 2016).

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Retained Earnings
- Proposal No. 2:** Partial Amendments to the Articles of Incorporation
- Proposal No. 3:** Election of Ten (10) Members of the Board
- Proposal No. 4:** Election of Two (2) Audit & Supervisory Board Members

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- ◎ Subsequent amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements (if any) will be listed on the Company's website (<http://www.penta-ocean.co.jp/>).
 - ◎ Of the documents to be included with this notice, the "Notes to the Consolidated Financial Statements" and the "Notes to the Non-consolidated Financial Statements" are posted on the Company's website (<http://www.penta-ocean.co.jp/>) pursuant to laws and regulations and the Articles of Incorporation, and are not included in the attached documents of this notice. Furthermore, the attached documents of this notice and the documents listed on the website above are the documents that were audited by the audit & supervisory board member and the accounting auditor during preparation of the audit report and the accounting auditor's report, respectively.

Guidance for Exercise of Voting Rights

Voting rights for the General Meeting of Shareholders may be exercised by either of the following methods.

If attending the General Meeting of Shareholders

Please bring the enclosed Voting Rights Exercise Form with you and submit it to the reception desk.

(If attending on the day of the meeting, exercise procedures for voting rights by mail (Voting Rights Exercise Form) or the Internet are not required.)

Date and time of General Meeting of Shareholders: Friday, June 24, 2016 at 10:00 a.m., JST

If not attending the General Meeting of Shareholders

● If exercising Voting Rights in writing via mail

Please indicate your vote for or against each proposal by marking a circle on the enclosed Voting Rights Exercise Form and return it so that it is received by the shareholder registry administrator of the Company.

Voting rights exercise deadline: Arrival by Thursday, June 23, 2016 at 6:00 p.m., JST

● Exercise of Voting Rights via the Internet

Please use the “Voting Rights Exercise Code” and “Password” printed on the right of the Voting Rights Exercise Form on the Voting Rights Exercise Website (<http://www.it-soukai.com/>) and follow the instructions on the screen to input your vote for or against the proposals.

Voting rights exercise deadline: Thursday, June 23, 2016 at 6:00 p.m., JST

For details, please review the “Guidance for Exercise of Voting Rights via the Internet” on the following page.

Contact Information

If you have any inquiries, please contact the Company’s Shareholder Registry Administrator, “Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd” (below).

(1) Issues related to operation of the Voting Rights Exercise Website:

Toll-free in Japan 0120-768-524
(Operating hours: 9:00 a.m. to 9.00 p.m., JST, weekdays)

(2) For other inquiries relating to share administration:

Toll-free in Japan 0120-288-324
(Operating hours: 9:00 a.m. to 5.00 p.m., JST, weekdays)

[For institutional investors]

In addition to the method to exercise your voting rights via the Internet as described above, the online voting platform operated by ICJ, Inc. will be available if applied in advance.

Guidance for Exercise of Voting Rights via the Internet

- (1) You can exercise your voting rights via the Internet through the Company's designated "Voting Rights Exercise Website" (the URL below) instead of the paper ballot. Please log in to the system using the "Voting Rights Exercise Code" and "Password" printed on the right of the enclosed Voting Rights Exercise Form and follow the instructions on the screen to input. In order to maintain security, users will be prompted to change the Password when logging in to the system for the first time.

Voting Rights Exercise Website	http://www.it-soukai.com/
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- (2) You will need to exercise your voting rights via the Internet by completing the process by 6:00 p.m., JST on Thursday, June 23, 2016. Your exercise at the earliest opportunity is advised.
- (3) If you exercise your voting rights both by the Voting Rights Exercise Form and via the Internet, the exercise through the Internet shall be deemed to be effective. If you exercise your voting rights more than once through the Internet, the last vote shall be deemed to be effective.
- (4) The Password (including the Password you changed) is valid only for this Ordinary General Meeting of Shareholders. A new Password will be issued at the time of the next meeting.
- (5) Fees for connecting to the Internet would be at your own expense.

(Important Notice)

- The Password is the method to verify whether the person voting is a legitimate shareholder. The Company will never ask shareholders to provide their Passwords.
- The Password will be locked and suspended when entered incorrectly for a certain number of times. Please follow the instruction on the screen when the Password is locked.
- Although the Voting Rights Exercise Website has been tested of operation with general internet connecting devices, the system may not be available depending on the device you use.

Reference Documents for the General Shareholders's Meeting

Proposals and References

Proposal No. 1: Appropriation of Retained Earnings

Our basic policies are to increase earning power and enhance corporate value by forward-looking reinforcement of business infrastructure and implementation of technology development and capital investment, as well as to distribute stable dividends continuously to shareholders.

The Company proposes appropriation of retained earnings as follows in comprehensive consideration of business results for the fiscal year under review, the degree of soundness of the Company's financial standing, and future business expansion, etc.

1. Year-end Dividend

- (1) Type of dividend property
Cash
- (2) Allocation of dividend property and total amount
¥6 per common stock of the Company
¥1,715,423,748 in total
- (3) Effective date of dividend payment
June 27, 2016

2. Other Appropriation of Retained Earnings

- (1) Item and the amount of retained earnings to be increased
General reserve: ¥5,000,000,000
- (2) Item and the amount of retained earnings to be decreased
Retained earnings carried forward: ¥5,000,000,000

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for Amendments

- (1) The Company introduced the Executive Officer System in 2002 with the intent of revitalizing the board of directors and improving the speed of decision-making. In light of these current conditions, in order to clearly maintain and establish an appropriate corporate governance structure, the Company proposes to define limits for the number of members of the board and audit & supervisory board members, and make amendments to the provisions of Article 17 and Article 31 of the Articles of Incorporation of the Company.
- (2) As the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014) was enacted on May 1, 2015, the scope of corporate officers with which agreements to limit liability for damages has been changed. Therefore the Company proposes amendments to the provisions of Article 29, Paragraph 2 and Article 40, Paragraph 2 of the Articles of Incorporation of the Company.
The amendments to Article 29, Paragraph 2 have received the consent of each audit & supervisory board member.

2. Contents of Amendments

(Underlined parts are amended.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER IV MEMBER OF THE BOARD AND BOARD OF DIRECTORS</p> <p>(Number of Members of the Board) Article 17. The number of member of the board of the Company shall be <u>at least three (3) persons</u>.</p> <p>(Liability exemption for Members of the Board) Article 29. Based on the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may exempt the liability for damages of members of the board (including those who were members of the board) due to negligence of duties within the limit of laws and regulations by a resolution of the Board of Directors.</p> <p>2 Based on the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may conclude with <u>external members of the board</u> agreements to limit liability for damages due to negligence of duties. However, the amount of the limit of liability based on said agreement shall be the amount provided by laws and regulations.</p>	<p style="text-align: center;">CHAPTER IV MEMBER OF THE BOARD AND BOARD OF DIRECTORS</p> <p>(Number of Members of the Board) Article 17. The number of member of the board of the Company shall be <u>fifteen (15) persons or less</u>.</p> <p>(Liability exemption for Members of the Board) Article 29. (Unchanged)</p> <p>2 Based on the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may conclude with <u>members of the board (excluding executive members of the board, etc.)</u> agreements to limit liability for damages due to negligence of duties. However, the amount of the limit of liability based on said agreement shall be the amount provided by laws and regulations.</p>
<p style="text-align: center;">CHAPTER V AUDIT & SUPERVISORY BOARD AND AUDIT & SUPERVISORY BOARD MEMBER</p> <p>(Number of Audit & Supervisory Board Members) Article 31. The number of audit & supervisory board members of the Company shall be <u>at least three (3) persons</u>.</p>	<p style="text-align: center;">CHAPTER V AUDIT & SUPERVISORY BOARD AND AUDIT & SUPERVISORY BOARD MEMBER</p> <p>(Number of Audit & Supervisory Board Members) Article 31. The number of audit & supervisory board members of the Company shall be <u>five (5) persons or less</u>.</p>

<p>(Liability exemption for Audit & Supervisory Board Members) Article 40. Based on the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may exempt the liability for damages of audit & supervisory board members (including those who were audit & supervisory board members) due to negligence of duties within the limit of laws and regulations by a resolution of the Board of Directors.</p>	<p>(Liability exemption for Audit & Supervisory Board Members) Article 40. (Unchanged)</p>
<p>2 Based on the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may conclude with <u>external</u> audit & supervisory board members agreements to limit liability for damages due to negligence of duties. However, the amount of the limit of liability based on said agreement shall be the amount provided by laws and regulations.</p>	<p>2 Based on the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may conclude with audit & supervisory board members agreements to limit liability for damages due to negligence of duties. However, the amount of the limit of liability based on said agreement shall be the amount provided by laws and regulations.</p>

Proposal No. 3: Election of Ten (10) Members of the Board

The term of office of all ten (10) members of the board will expire at the close of this Ordinary General Meeting of Shareholders. Accordingly, with two (2) independent external members of the board to strengthen corporate governance, the Company proposes the election of a total of ten (10) members of the board.

The candidates are as follows:

Candidate No.	Name (Date of birth)	Career summary, positions, assignments and status of other important concurrent positions	Number of shares of the Company held
1	Takuzo Shimizu (June 8, 1958)	<p>April 1983 Joined the Company</p> <p>April 2009 Executive Officer General Manager of Nagoya Branch</p> <p>April 2012 Managing Executive Officer, Head of Civil Engineering Sales and Marketing Divisions Group, Civil Engineering Business Unit</p> <p>June 2012 Managing Executive Officer, Member of the Board, same as above</p> <p>April 2013 Senior Managing Executive Officer, Member of the Board , same as above</p> <p>April 2014 Executive Vice President, Representative Director,</p> <p>June 2014 President, Chief Executive Officer and Representative Director (to the present)</p> <p>[Reasons for selection as a candidate for Member of the Board] Mr. Takuzo Shimizu has a wealth of operational experience regarding civil engineering business and corporate planning, etc., of the Company. After being appointed President in June 2014, he has promoted corporate strategy with the aim of improving corporate value as top management. The Company believes that he can continue to draw on his wealth of experience and knowledge of duties in management.</p>	39,000 shares

Candidate No.	Name (Date of birth)	Career summary, positions, assignments and status of other important concurrent positions	Number of shares of the Company held
2	Kunihiko Sasaki (August 6, 1951)	<p>April 1974 Joined the Company</p> <p>April 2006 Executive Officer, General Manager, Head of Human Resources Division, Executive General Manager, Deputy Head of General Affairs Division Group</p> <p>June 2008 Executive Officer, Member of the Board, General Manager, Head of Human Resources Division, Executive General Manager, Deputy Head of Corporate Administration Divisions Group</p> <p>April 2011 Managing Executive Officer, Member of the Board, Head of Corporate Administration Divisions Group, Head of CSR Planning Office, Executive of Human Resources Division</p> <p>April 2012 Senior Managing Executive Officer, Member of the Board, Head of Corporate Administration Divisions Group, Head of CSR Planning Office</p> <p>June 2014 Executive Vice President, Representative Director, Head of Corporate Administration Divisions Group, Head of CSR Planning Office, Executive of Environment Health, Safety and Quality Division</p> <p>April 2016 Executive Vice President, Representative Director (to the present)</p> <p>[Reasons for selection as a candidate for Member of the Board] Mr. Kunihiko Sasaki has a wealth of operational experience regarding corporate administration such as accounting and human resources of the Company. The Company believes that he can continue to draw on his ample experience and knowledge of duties in management as member of the board.</p>	69,000 shares

Candidate No.	Name (Date of birth)	Career summary, positions, assignments and status of other important concurrent positions	Number of shares of the Company held
3	Akihiko Togo (November 16, 1953)	<p>April 1976 Joined the Company</p> <p>April 2008 Executive Officer, Executive General Manager, Deputy Head of International Business Divisions Group, General Manager of Singapore Branch, General Manager of Indonesia Branch</p> <p>April 2011 Managing Executive Officer, Deputy Head of International Business Divisions Group General Manager of World Operations Center, International Business Divisions Group General Manager of Singapore Branch</p> <p>April 2013 Managing Executive Officer, Senior Executive General Manager, Head of International Business Divisions Group</p> <p>April 2014 Senior Managing Executive Officer, same as above</p> <p>April 2015 Senior Managing Executive Officer, Head of International Business Unit</p> <p>June 2015 Senior Managing Executive Officer, Member of the Board, Head of International Business Unit (to the present)</p> <p>[Reasons for selection as a candidate for Member of the Board] Mr. Akihiko Togo has a wealth of operational experience regarding overseas business, etc., of the Company. The Company believes that he can continue to draw on his ample experience and knowledge of duties in management as member of the board.</p>	9,300 shares

Candidate No.	Name (Date of birth)	Career summary, positions, assignments and status of other important concurrent positions	Number of shares of the Company held
4	Kazuya Ueda (August 2, 1958)	<p>April 1983 Joined the Company</p> <p>April 2011 Executive Officer, Executive General Manager, Deputy Head of Civil Engineering Sales and Marketing Divisions Group, Civil Engineering Business Unit</p> <p>April 2013 Managing Executive Officer, Executive General Manager, Deputy Head of Civil Engineering Sales and Marketing Divisions Group, Civil Engineering Business Unit Executive of 2020 Business Development Office</p> <p>April 2014 Managing Executive Officer, Executive General Manager, Head of Civil Engineering Sales and Marketing Divisions Group, Civil Engineering Business Unit Executive of 2020 Business Development Office</p> <p>June 2014 Managing Executive Officer, Member of the Board, Head of Civil Engineering Sales and Marketing Divisions Group, Civil Engineering Business Unit Executive of 2020 Business Development Office</p> <p>April 2015 Senior Managing Executive Officer, Member of the Board, Head of Civil Engineering Sales and Marketing Divisions Group, Civil Engineering Business Unit (to the present)</p> <p>[Reasons for selection as a candidate for Member of the Board] Mr. Kazuya Ueda has a wealth of operational experience regarding civil engineering business, etc., of the Company. The Company believes that he can continue to draw on his ample experience and knowledge of duties in management as member of the board.</p>	10,800 shares

Candidate No.	Name (Date of birth)	Career summary, positions, assignments and status of other important concurrent positions	Number of shares of the Company held
5	Yuji Nakamitsu (August 1, 1958)	<p>April 1981 Joined the Company</p> <p>April 2011 Executive Officer, Deputy General Manager of Tokyo Building Construction Branch</p> <p>June 2012 Executive Officer, Member of the Board, Head of Building Construction Divisions Group, Building Construction Business Unit Executive of Environment Health, Safety and Quality Divisions Group</p> <p>April 2014 Managing Executive Officer, Member of the Board, Head of Building Construction Sales and Marketing Divisions Group, Building Construction Business Unit</p> <p>April 2016 Senior Managing Executive Officer, Member of the Board, Head of Building Construction Sales and Marketing Divisions Group, Building Construction Business Unit Executive of Environment Health, Safety and Quality Divisions Group (to the present)</p> <p>[Reasons for selection as a candidate for Member of the Board] Mr. Yuji Nakamitsu has a wealth of operational experience regarding the building construction business, etc., of the Company. The Company believes that he can continue to draw on his ample experience and knowledge of duties in management as member of the board.</p>	18,700 shares
6	Tetsushi Noguchi (September 11, 1960)	<p>April 1983 Joined the Company</p> <p>April 2012 Executive Officer, General Manager of Nagoya Branch</p> <p>April 2014 Executive Officer, Senior Executive General Manager, Deputy Head of Civil Engineering Divisions Group, Civil Engineering Business Unit Executive of Institute of Technology, Executive of R&D Strategy Planning Office</p> <p>June 2014 Executive Officer, Member of the Board, Deputy Head of Civil Engineering Divisions Group, Civil Engineering Business Unit Executive of Institute of Technology, Executive of R&D Strategy Planning Office</p> <p>April 2016 Managing Executive Officer, Member of the Board, Head of Civil Engineering Divisions Group, Civil Engineering Business Unit Executive of Environment Health, Safety and Quality Divisions Group, Executive of Institute of Technology, Executive of R&D Strategy Planning Office (to the present)</p> <p>[Reasons for selection as a candidate for Member of the Board] Mr. Tetsushi Noguchi has a wealth of operational experience regarding civil engineering business, etc., of the Company. The Company believes that he can continue to draw on his ample experience and knowledge of duties in management as member of the board.</p>	4,900 shares

Candidate No.	Name (Date of birth)	Career summary, positions, assignments and status of other important concurrent positions	Number of shares of the Company held
7	Shinichi Igarashi (April 18, 1957)	<p>April 1982 Joined the Company</p> <p>October 2010 General Manager, Head of Architectural Design Division, Building Construction Divisions Group, Building Construction Business Unit</p> <p>April 2013 Executive General Manager, Deputy Head of Building Construction Divisions Group, Building Construction Business Unit</p> <p>April 2014 Executive Officer, Head of Building Construction Divisions Group, Building Construction Business Unit</p> <p>June 2014 Executive of Environment Health, Safety and Quality Divisions Group</p> <p>Executive Officer, Member of the Board, Head of Building Construction Divisions Group, Building Construction Business Unit</p> <p>Executive of Environment Health, Safety and Quality Divisions Group (to the present)</p> <p>[Reasons for selection as a candidate for Member of the Board] Mr. Shinichi Igarashi has a wealth of operational experience regarding building construction business, etc., of the Company. The Company believes that he can continue to draw on his ample experience and knowledge of duties in management as member of the board.</p>	6,600 shares
8	Michio Inatomi (July 16, 1961)	<p>April 1984 Joined the Company</p> <p>April 2012 General Manager, Head of Corporate Planning Division, Corporate Administration Divisions Group</p> <p>April 2014 Executive Officer, Executive General Manager, Deputy Head of Corporate Administration Divisions Group</p> <p>Head of Corporate Planning Division, Corporate Administration Divisions Group</p> <p>June 2014 Executive Officer, Member of the Board, Executive General Manager, Deputy Head of Corporate Administration Divisions Group</p> <p>General Manager, Head of Corporate Planning Division, Corporate Administration Divisions Group</p> <p>April 2016 Executive Officer, Member of the Board, Executive General Manager, Head of Corporate Administration Divisions Group</p> <p>Head of CSR Planning Office (to the present)</p> <p>[Reasons for selection as a candidate for Member of the Board] Mr. Michio Inatomi has a wealth of operational experience regarding corporate administration such as finance and corporate planning of the Company. The Company believes that he can continue to draw on his ample experience and knowledge of duties in management as member of the board.</p>	6,300 shares

Candidate No.	Name (Date of birth)	Career summary, positions, assignments and status of other important concurrent positions	Number of shares of the Company held
9	Hisanori Ohara (January 23, 1951)	<p>April 1973 Joined Fuji Bank, Limited (currently Mizuho Bank, Ltd.)</p> <p>April 2002 Executive Officer, General Manager of Otemachi Sales Department II, Mizuho Corporate Bank, Ltd.</p> <p>June 2003 Managing Director, General Manager of Business Planning & Promotion Division, Fuyo General Lease Co., Ltd.</p> <p>May 2004 Managing Director</p> <p>April 2009 Senior Managing Director</p> <p>February 2012 Director</p> <p>April 2012 Advisor (Part-time)</p> <p>June 2012 External Director, the Company (to the present)</p> <p>July 2012 Outside Director, NIPPON VIEW HOTEL Co., Ltd.</p> <p>November 2012 Outside Corporate Audit & Supervisory Board Member, BIC CAMERA INC. (to the present)</p> <p>[Reasons for selection as a candidate for External Member of the Board] As Mr. Hisanori Ohara has a wealth of experience and ample knowledge regarding corporate management through serving as Senior Managing Director of Fuyo General Lease Co., Ltd., the Company believes that he can adequately fulfill the role of supervising the determination of important matters in the Company's management and business execution, etc.</p>	7,300 shares

Candidate No.	Name (Date of birth)	Career summary, positions, assignments and status of other important concurrent positions	Number of shares of the Company held
10 *	Yasuhiro Kawashima (August 18, 1944)	<p>April 1969 Joined Ministry of Transport (currently Ministry of Land, Infrastructure, Transport and Tourism)</p> <p>June 1998 Bureau Manager, Ports and Harbours Bureau</p> <p>June 2000 Minister's Secretariat, Deputy Minister for Technical Affairs</p> <p>January 2001 Minister's Secretariat, Deputy Minister for Technical Affairs, Ministry of Land, Infrastructure, Transport and Tourism</p> <p>July 2001 President, Service Center of Port Construction Engineering (currently Service Center of Port Engineering)</p> <p>March 2004 Advisor, Nippon Steel Corporation (currently NIPPON STEEL & SUMITOMO METAL CORPORATION)</p> <p>May 2005 Chairman, FEDERATION OF JAPAN PORTS AND AIRPORTS CONSTRUCTION ASSOCIATION (to the present)</p> <p>May 2006 Chairman, Japan Marine Surveys Association (to the present)</p> <p>July 2006 Advisor, Nippon Steel Engineering Co., Ltd. (currently NIPPON STEEL & SUMIKIN ENGINEERING CO., LTD.)</p> <p>(Important concurrent positions) Chairman, FEDERATION OF JAPAN PORTS AND AIRPORTS CONSTRUCTION ASSOCIATION Chairman, Japan Marine Surveys Association</p> <p>[Reasons for selection as a candidate for External Member of the Board] As Mr. Yasuhiro Kawashima has a wealth of experience at the top of organizations such as the Bureau Manager of the Ports and Harbours Bureau, and has advanced insight and specialized knowledge regarding the construction industry and port and harbor construction technology, the Company believes that he can adequately fulfill the role of supervising the determination of important matters in the Company's management and business execution, etc.</p>	0 shares

Notes: 1. No special interest exists between the Company and the above candidates for member of the board.

2. * denotes newly appointed candidate for the position of member of the board.

3. Mr. Hisanori Ohara and Mr. Yasuhiro Kawashima are both candidates for external members of the board as defined by the Companies Act.

The term of office of Mr. Hisanori Ohara as external member of the board of the Company will be four (4) years at the close of this Ordinary General Meeting of Shareholders.

Furthermore, if Proposal No. 3 is approved, the Company plans to conclude agreements to limit liability for damages with Mr. Hisanori Ohara and Mr. Yasuhiro Kawashima based on Article 29, Paragraph 2 of the Articles of Incorporation of the Company. However, the amount of the limit for liability for damages under this agreement shall be the minimum amount for liability as defined by Article 425, Paragraph 1 of the Companies Act.

4. In addition to the standards defined by securities exchanges, Mr. Hisanori Ohara and Mr. Yasuhiro Kawashima satisfy the standards of independence defined by the Company, and the Company has submitted each person as independent directors /auditors to the financial instrument exchanges on which it is listed.

The standards of determining independence for external officers defined by the Company are provided on page 18.

Proposal No. 4: Election of Two (2) Audit & Supervisory Board Members

The term of office of audit & supervisory board members Tatsushi Higuchi and Hironaga Fukuda will expire at the close of this Ordinary General Meeting of Shareholders. Accordingly, the election of two (2) audit & supervisory board members are proposed.

The Audit & Supervisory Board has consented to this proposal.

The candidates are as follows.

Candidate No.	Name (Date of birth)	Career summary, positions and status of other important concurrent positions	Number of shares of the Company held
1	Hironaga Fukuda (June 11, 1954)	<p>April 1977 Joined Yasuda Mutual Life Insurance Company (currently Meiji Yasuda Life Insurance Company)</p> <p>January 2004 General Manager of Tohoku Marketing Department, Meiji Yasuda Life Insurance Company</p> <p>April 2005 General Manager of Tohoku Public Sector Marketing Department</p> <p>April 2006 General Manager of Public Market Development Department</p> <p>April 2008 Trustee and General Manager of Public Market Department I</p> <p>April 2010 Representative Director and President, Meiji Yasuda Life Planning Center Co., LTD.</p> <p>April 2012 Advisor</p> <p>June 2012 External Audit & Supervisory Board Member, the Company (to the present)</p> <p>[Reasons for selection as a candidate for External Audit & Supervisory Board Member] As Mr. Hironaga Fukuda has served as Representative Director and President of Meiji Yasuda Life Planning Center Co., LTD. and has a wealth of experience and deep insight regarding corporate management, the Company believes that he can adequately fulfill the role of strengthening the audit structure of the Company.</p>	3,900 shares

Candidate No.	Name (Date of birth)	Career summary, positions and status of other important concurrent positions	Number of shares of the Company held
2 *	Yoshiaki Ohashi (March 26, 1954)	<p>April 1977 Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)</p> <p>April 2002 General Manager, Americas Japanese Corporation Sales Department III, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>April 2005 Executive Officer, General Manager, Public Relations Department, Mizuho Financial Group, Inc.</p> <p>April 2007 Managing Executive Officer, General Manager of Risk Management/ Financial Control Group, Mizuho Securities Co., Ltd.</p> <p>June 2009 Director, Executive Officer, IINO KAIUN KAISHA, LTD.</p> <p>June 2010 Director, Managing Executive Officer, IINO KAIUN KAISHA, LTD. (to the present, scheduled to retire on June 28, 2016)</p> <p>[Reasons for selection as a candidate for External Audit & Supervisory Board Member] As Mr. Yoshiaki Ohashi has served in operations and overseas duties at financial institutions for many years, served as director of IINO KAIUN KAISHA, LTD., and has a wealth of experience regarding corporate management and advanced knowledge of finance and accounting, the Company believes that he can adequately fulfill the role of strengthening the audit structure of the Company.</p>	0 shares

- Notes: 1. No special interest exists between the Company and the above candidates for audit & supervisory board member.
2. * denotes newly appointed candidate for the position of audit & supervisory board member.
3. Mr. Hironaga Fukuda and Mr. Yoshiaki Ohashi are both candidates for external audit & supervisory board member as defined by the Companies Act.
The term of office of Mr. Hironaga Fukuda as external audit & supervisory board member of the Company will be four (4) years at the close of this Ordinary General Meeting of Shareholders.
Furthermore, if Proposal No. 4 is approved, the Company plans to conclude agreements to limit liability for damages with Mr. Hironaga Fukuda and Mr. Yoshiaki Ohashi based on Article 40, Paragraph 2 of the Articles of Incorporation of the Company. However, the amount of the limit for liability for damages under this agreement shall be the minimum amount for liability as defined by Article 425, Paragraph 1 of the Companies Act.
4. In addition to the standards defined by securities exchanges, Mr. Hironaga Fukuda and Mr. Yoshiaki Ohashi satisfy the standards of independence defined by the Company, and the Company has submitted each person as independent directors/auditors to the financial instrument exchanges on which it is listed.
Furthermore, the standards of determining independence for external officers defined by the Company are provided on page 18.

(Reference)

Standards of Determining Independence for External Officers

Independent external member of the board and independent external audit & supervisory board member of the Company (hereinafter the “External Officers”) are defined as persons to which none of the following apply.

- 1) Those who are a business executive (*1) or was a business executive of the Company or an affiliate of the Company (hereinafter the “Group”)
- 2) Those who are or was within the past five (5) years a major shareholder (*2) of the Company or a member of the board, audit & supervisory board member, accounting advisor, or business executive of the parent company or significant subsidiary thereof
- 3) Those who are a member of the board, audit & supervisory board member, accounting advisor, or business executive of a company of which the Company is currently a major shareholder
- 4) Those who are or was within the past three (3) fiscal years an entity that holds or held the Group as a major transaction partner (*3) or a business executive of the parent company or significant subsidiary thereof
- 5) Those who are or was within the past three (3) fiscal years a major transaction partner of the Company (*4) or a business executive of the parent company or significant subsidiary thereof
- 6) Those who are a business executive of an organization that receives a significant amount (*5) of donations from the Group
- 7) Those who are a company that receives member of the board (either full-time or part-time) from the Group or a member of the board, audit & supervisory board member, accounting advisor, or business executive of the parent company or significant subsidiary thereof
- 8) Those who are or was within the past three (3) years a significant creditor, etc., (*6) of the Company or a member of the board, audit & supervisory board member, accounting advisor, or business executive of the parent company or significant subsidiary thereof
- 9) Those who are a full-time employee, partner, or employee of the accounting firm that is the accounting auditor of the Company
- 10) Those who are a specialist such as a consultant, accountant, tax accountant, attorney, judicial scrivener, or patent attorney, etc., that receives a significant amount (*5) of cash or other property from the Group
- 11) Those who are a spouse, relative within the second degree of kinship, or shares living accommodations with an entity to which 1) to 10) above apply
- 12) Those who pose a constant and essential risk of conflict of interest with general shareholders of the Company for reasons other than the factors accounted for in each of the items above
- 13) Those who have served for a cumulative total of over eight (8) years in office as an external officer of the Company

*1 An executive director, executive, executive officer, manager, or other employee of a corporation or other organization

*2 A shareholder holding a ratio of 10% or more of voting rights

*3 An entity that receives payment from the Group of 2% or more of its annual consolidated net sales in the most recent fiscal year

*4 An entity that makes payment to the Group of 2% or more of annual consolidated net sales of the Company for the most recent fiscal year

*5 An average of ¥10.0 million or more over the past three (3) fiscal years

*6 A financial institution or other large-scale creditor which the Company requires for fund procurement and is dependent upon to the extent that it is irreplaceable

(Enacted November 11, 2015)