

May 10, 2017

Listed company name: Penta Ocean Construction Co.,Ltd.
Code number: 1893
Stock Exchange: Tokyo, Nagoya

**Notice of Introduction of Performance-Based Remuneration System
for Members of the Board, etc.**

Penta-Ocean Construction (hereinafter, the “Company”) hereby announces that the Company passed a resolution at the Board of Directors Meeting held on May 10, 2017 on introducing “Board Benefit Trust”, a performance-based stock compensation program (the “Program”) for its Members of the Board and Executive Officers (the “Members of the Board, etc., unless otherwise specified), and the Company plans to propose the Program as an agenda item at the 67th General Meeting of Shareholders scheduled on June 27, 2017. The details of the Program will be as follows:

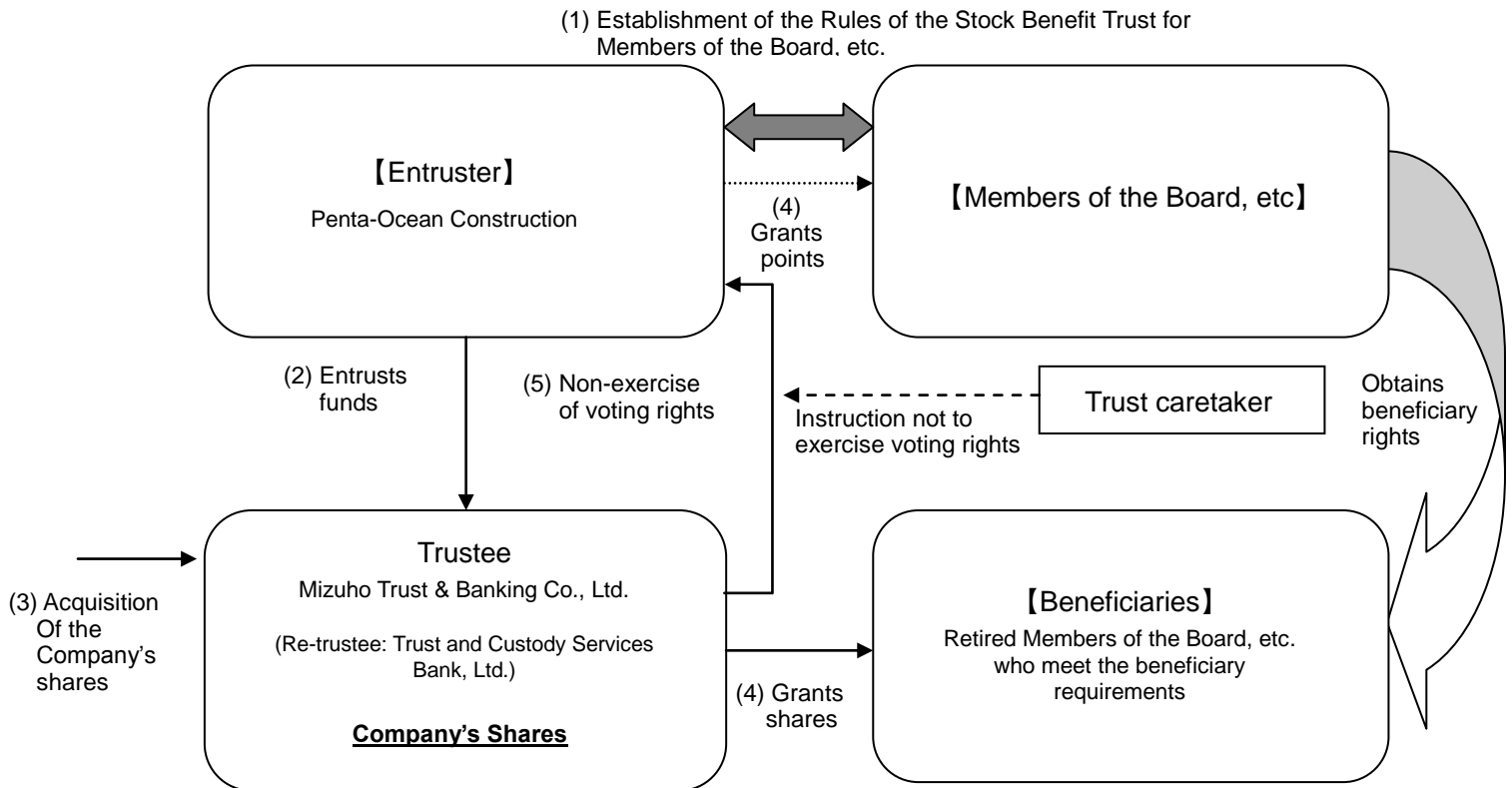
1. Outline of the Trust

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| (1) Name | Board Benefit Trust |
| (2) Settlor: | Penta-Ocean Construction Co., Ltd. |
| (3) Trustee
(Re-trustee) | Mizuho Trust and Banking Co., Ltd.
Trust and Custody Services Bank, Ltd. |
| (4) Beneficiaries | Retired Members of the Board and Executive Officers of the Company meeting the beneficiary requirements stipulated in the Rules of the Stock Benefit Trust for Members of the Board, etc. |
| (5) Trust Administrator | A third party who has no conflict of interest with the Company will be selected |
| (6) Type of trust | Money held in trust other than in the form of a monetary trust (third party beneficiary trust) |
| (7) Conclusion Date for the trust agreement | August 2017 (Scheduled) |
| (8) Date of money entrustment | August 2017 (Scheduled) |
| (9) Trust Period | From August 2017 to the termination of the Trust (No specific expiration date is set for the Trust, which remain in effect as long as the Program itself continues). |

2. Prospected acquisition of the Company's shares by the Trust

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| (1) Class of shares acquired | Ordinary shares of Penta-Ocean Construction |
| (2) The upper limit of the entrusted amount | ¥ 300 million (¥ 150 million for the Members of the Board) |
| (3) The maximum number of shares to be acquired | 550,000 shares |
| (4) Method of acquiring shares | Stock exchange transactions or by underwriting of the Company's treasury stock |

3. Structure of the Program



- ①The Company establishes the “Rules of the Stock Benefit Trust for Members of the Board, etc.” within the framework approved at the 67th General Meeting of Shareholders.
- ② The Company entrusts money to the trustee within the limit as approved by the resolution of the 67th General Meeting of Shareholders in ①.
- ③The Trust acquires the Company's shares from the stock market or by underwriting shares of the Company's treasury stock.
- ④The Company grants points to the Members of the Board, etc. in accordance with the “Rules of the Stock Benefit Trust for Members of the Board, etc.”
- ⑤The Trust follows the instruction from the trust administrator, which is independent from the Company, not to exercise the voting rights for the Company's shares held within the trust account.
- ⑥The Trust grants the Company's shares to each of the resigned Members of the Board, etc. meeting beneficiary requirements set forth in the “Rules of the Stock Benefit Trust for Members of the Board, etc.”, based on the number of points assigned to the beneficiary, provided, however, that, with regard to a certain portion of the points, the Trust pays an amount of money corresponding to the prevailing market price of the Company's shares to any Member of the Board, etc., meeting relevant requirements set forth in the “Rules of the Stock Benefit Trust for Members of the Boards, etc”.