

**Disclaimer**

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Securities Code: 1893  
June 4, 2019

**To Those Shareholders with Voting Rights**

Takuzo Shimizu  
President, Chief Executive Officer and  
Representative Director  
Penta-Ocean Construction Co., Ltd.  
2-8 Koraku 2-chome, Bunkyo-ku, Tokyo, Japan

**NOTICE OF CONVOCAION OF THE 69TH ORDINARY GENERAL MEETING OF  
SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 69th Ordinary General Meeting of Shareholders of the Penta-Ocean Construction Co., Ltd. (hereinafter referred to as "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 (by mail) or electronic media (via the Internet etc). Please review the Reference Documents for the Ordinary General Meeting of Shareholders contained herein and exercise your voting rights in the manner described hereinafter no later than 6:00 p.m., Japan Standard Time (JST) on Monday, June 24, 2019.**

- 1. Date and Time:** Tuesday, June 25, 2019 at 10:00 a.m., JST  
(The reception will begin at 9:00 a.m.)
- 2. Venue:** Conference Room, 11th Floor at the Head Office of the Company  
2-8 Koraku 2-chome, Bunkyo-ku, Tokyo, Japan
- 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 the Audit & Supervisory Board for the 69th Fiscal Year (from April 1, 2018 to March 31, 2019).
  2. The Non-consolidated Financial Statements for the 69th Fiscal Year (from April 1, 2018 to March 31, 2019).

**Proposals to be resolved:**

- Proposal No. 1:** Appropriation of Retained Earnings  
**Proposal No. 2:** Election of the Ten (10) Members of the Board

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- © Any 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, hereinafter referred to as "Notes to the Consolidated Financial Statements" and the "Notes to the Non-consolidated Financial Statements" are listed 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 Ordinary General Meeting of Shareholders may be exercised by either of the following methods.

### **If exercising Voting Rights by attending the General Meeting of Shareholders**

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

### **If exercising Voting Rights in writing (Voting Rights Exercise Form)**

Please indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and return it so that it will reach us by Monday, June 24, 2019 at 6:00 p.m., JST.

Please note that if there was no indication of your vote for or against on each proposal, we will handle it as if it was presented as vote for.

### **If exercise of Voting Rights via the Internet**

Please access the Company's designated Voting Rights Exercise Website (<https://soukai.mizuho-tb.co.jp/>), and enter your vote for or against the proposals by Monday, June 24, 2019 at 6:00 p.m., JST.

## 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) Inquiries regarding 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]**

We participate in the online voting platform for "institutional investors" operated by ICJ, Inc.

## Guidance for Exercise of Voting Rights via the Internet

### 1. Via “Smart Exercise”

- (1) Please scan the QR code printed on the lower right of the enclosed Voting Rights Exercise Form using your smartphone etc. to access “Smart Exercise,” then follow the instructions on the screen to input your vote. (You do not need to enter an ID/Password.)
- (2) You may only exercise your voting rights once via “Smart Exercise.”

### 2. Via ID and Password

- (1) Please access the “Voting Rights Exercise Website” (URL below), log in to the system using the “Voting Rights Exercise Code” and “Password” printed on the enclosed Voting Rights Exercise Form, and follow the instructions on the screen to input your vote. In order to maintain security, users will be prompted to change the Password when logging in to the system for the first time.

<b>Voting Rights Exercise Website</b>	<b><a href="https://soukai.mizuho-tb.co.jp/">https://soukai.mizuho-tb.co.jp/</a></b>
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- (2) 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.
- (3) The Password is the method to verify whether the person voting is a legitimate shareholder, so please handle with care. The Company will never ask shareholders to provide their Passwords.
- (4) 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.

### 3. Important Notice

- (1) You will need to exercise your voting rights by completing the process by 6:00 p.m., JST on Monday, June 24, 2019. Your exercise at the earliest opportunity is advised.
- (2) To change your vote after exercising your voting rights via “Smart Exercise,” please follow the exercise instructions in 2. above.
- (3) If you exercise your voting rights both by mailing the Voting Rights Exercise Form and via the Internet, the voting right exercised through the Internet shall be deemed to be effective. If you exercise your voting rights more than once through the Internet, the Company will regard the content of the last exercise as valid.
- (4) Fees for connecting and using the Internet would be your own expense.
- (5) 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 and its condition.

Note: “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

#### [About “Smart Exercise”]

By scanning “Voting Rights Exercise Website Log-in QR Code for Smartphones” which is printed on the enclosed Voting Rights Exercise Form, you can access the Website without entering the “Voting Rights Exercise Code” and “Password.” You can exercise the voting rights only once by this method.

## Reference Documents for the Ordinary General Meeting of Shareholders

### Proposals and References

#### Proposal No. 1: Appropriation of Retained Earnings

The company's basic policy of dividend of surplus is to increase its corporate value, in order to pay stable dividends to the shareholders on a continuing basis, by enhancing its profitability through cutting-edge technological developments and appropriate capital investments.

The Company proposes appropriation of retained earnings as follows in comprehensive consideration of business results for the fiscal year under review, the degree of capital adequacy, and future business expansion, etc.

##### 1. Year-end Dividend

- (1) Type of dividend property  
Cash
- (2) Allocation of dividend property and total amount thereof  
¥19 per common stock of the Company  
¥5,430,279,610 in total
- (3) Effective date of dividend payment  
June 26, 2019

##### 2. Other Appropriation of Retained Earnings

- (1) Item of retained earnings to be increased and the amount thereof  
General reserve: ¥10,000,000,000
- (2) Item of retained earnings to be decreased and the amount thereof  
Retained earnings carried forward: ¥10,000,000,000

## Proposal No. 2: Election of the Ten (10) Members of the Board

The term of office of all eleven (11) members of the board will expire at the close of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes the election of a total of ten (10) members of the board.

The candidates are as follows:

Candidate No.		Name	Current positions and titles at the Company	Attendance at the board meetings during the fiscal year
1	<u>Reappointment</u>	Takuzo Shimizu	President, Chief Executive Officer and Representative Director	100% (23 meetings out of 23 meetings)
2	<u>Reappointment</u>	Kazuya Ueda	Executive Vice President, Representative Director	100% (23 meetings out of 23 meetings)
3	<u>Reappointment</u>	Tetsushi Noguchi	Senior Managing Executive Officer, Member of the Board	100% (23 meetings out of 23 meetings)
4	<u>Reappointment</u>	Ryoji Tahara	Senior Managing Executive Officer, Member of the Board	94% (17 meetings out of 18 meetings)
5	<u>Reappointment</u>	Hiroshi Watanabe	Senior Managing Executive Officer, Member of the Board	100% (23 meetings out of 23 meetings)
6	<u>New appointment</u>	Junji Katsumura	Managing Executive Officer	-
7	<u>Reappointment</u>	Tomoyuki Yamashita	Managing Executive Officer, Member of the Board	100% (18 meetings out of 18 meetings)
8	<u>Reappointment</u>	Yasuhiro Kawashima	<u>Candidate for Outside Board Member</u> <u>Candidate for Independent Director/Auditor</u>	96% (22 meetings out of 23 meetings)
9	<u>Reappointment</u>	Hidenori Takahashi	<u>Candidate for Outside Board Member</u> <u>Candidate for Independent Director/Auditor</u>	100% (23 meetings out of 23 meetings)
10	<u>Reappointment</u>	Naoki Furuya	<u>Candidate for Outside Board Member</u> <u>Candidate for Independent Director/Auditor</u>	100% (23 meetings out of 23 meetings)

Candidate No.	Name (Date of birth)	Career summary, positions, and assignments	Number of shares of the Company held
1	Takuzo Shimizu (June 8, 1958) <u>Reappointment</u>	<p>April 1983      Joined the Company</p> <p>April 2009      Appointed as Executive Officer Head of Nagoya Branch</p> <p>April 2012      Appointed as Managing Executive Officer, Head of Civil Engineering Sales and Marketing Divisions Group, Civil Engineering Business Unit</p> <p>June 2012      Appointed as Managing Executive Officer, Member of the Board, same as above</p> <p>April 2013      Appointed as Senior Managing Executive Officer, Member of the Board, same as above</p> <p>April 2014      Appointed as Executive Vice President, Representative Director</p> <p>June 2014      Appointed as President, Chief Executive Officer and Representative Director (to the present)</p> <p>May 2016      Appointed as Chairman, Japan Dredging and Reclamation Engineering Association (to the present)</p> <p>■ Status of important concurrent positions Chairman, Japan Dredging and Reclamation Engineering Association</p> <p>■ Reasons for selection as a candidate for Member of the Board Mr. Takuzo Shimizu has a wealth of operational experience mainly regarding civil engineering business and corporate planning 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> <p>■ Attendance at the board meetings during the fiscal year 100% (23 meetings out of 23 meetings)</p>	56,000 shares

Candidate No.	Name (Date of birth)	Career summary, positions, and assignments	Number of shares of the Company held
2	Kazuya Ueda (August 2, 1958) <u>Reappointment</u>	<p>April 1983      Joined the Company</p> <p>April 2011      Appointed as Executive Officer, Executive General Manager, Deputy Head of Civil Engineering Sales and Marketing Divisions Group, Civil Engineering Business Unit</p> <p>April 2013      Appointed as Managing Executive Officer, same as above</p> <p>April 2014      Appointed as Managing Executive Officer, Head of Civil Engineering Sales and Marketing Divisions Group, Civil Engineering Business Unit</p> <p>June 2014      Appointed as Managing Executive Officer, Member of the Board, same as above</p> <p>April 2015      Appointed as Senior Managing Executive Officer, Member of the Board, same as above</p> <p>April 2017      Appointed as Executive Vice President, Representative Director Executive of Civil Engineering Business Unit 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> <p>■      Attendance at the board meetings during the fiscal year 100% (23 meetings out of 23 meetings)</p>	16,600 shares

Candidate No.	Name (Date of birth)	Career summary, positions, and assignments	Number of shares of the Company held
3	Tetsushi Noguchi (September 11, 1960) <u>Reappointment</u>	<p>April 1983      Joined the Company</p> <p>April 2012      Appointed as Executive Officer, Head of Nagoya Branch</p> <p>April 2014      Appointed as Executive Officer, Executive General Manager, Deputy Head of Civil Engineering Divisions Group, Civil Engineering Business Unit</p> <p>June 2014      Appointed as Executive Officer, Member of the Board, same as above</p> <p>April 2016      Appointed as Managing Executive Officer, Member of the Board, Head of Civil Engineering Divisions Group, Civil Engineering Business Unit</p> <p>April 2018      Appointed as Senior Managing Executive Officer, Member of the Board, same as above (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> <p>■      Attendance at the board meetings during the fiscal year 100% (23 meetings out of 23 meetings)</p>	11,600 shares
4	Ryoji Tahara (September 28, 1959) <u>Reappointment</u>	<p>April 1982      Joined the Company</p> <p>April 2012      Appointed as Executive Officer, Executive General Manager, Deputy Head of Building Construction Divisions Group, Building Construction Business Unit, General Manager, Head of Building Construction Planning Division</p> <p>April 2013      Appointed as Executive Officer, Head of Tokyo Building Construction Branch</p> <p>April 2014      Appointed as Managing Executive Officer, same as above</p> <p>April 2018      Appointed as Senior Managing Executive Officer, Head of Building Construction Divisions Group, Building Construction Business Unit</p> <p>June 2018      Appointed as Senior Managing Executive Officer, Member of the Board, same as above (to the present)</p> <p>■      Reasons for selection as a candidate for Member of the Board Mr. Ryoji Tahara has a wealth of operational experience regarding the building construction business 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> <p>■      Attendance at the board meetings during the fiscal year (after assumption of office) 94% (17 meetings out of 18 meetings)</p>	8,500 shares

Candidate No.	Name (Date of birth)	Career summary, positions, and assignments	Number of shares of the Company held
5	Hiroshi Watanabe (March 16, 1960) <u>Reappointment</u>	<p>April 1984      Joined the Company</p> <p>April 2015      Appointed as Executive Officer, Executive General Manager, Deputy Head of Building Construction Sales and Marketing Divisions Group, Building Construction Business Unit</p> <p>April 2017      Appointed as Managing Executive Officer, Head of Building Construction Sales and Marketing Divisions Group, Building Construction Business Unit</p> <p>June 2017      Appointed as Managing Executive Officer, Member of the Board, same as above</p> <p>April 2019      Appointed as Senior Managing Executive Officer, Member of the Board, same as above (to the present)</p> <p>■      Reasons for selection as a candidate for Member of the Board</p> <p>Mr. Hiroshi Watanabe 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> <p>■      Attendance at the board meetings during the fiscal year 100% (23 meetings out of 23 meetings)</p>	16,500 shares
6	Junji Katsumura (February 25, 1958) <u>New appointment</u>	<p>April 1983      Joined the Company</p> <p>April 2015      Appointed as Executive Officer, Head of International Administration Divisions Group, International Business Unit, General Manager, Head of International Administration Division</p> <p>April 2016      Appointed as Executive Officer, Head of International Administration Divisions Group, International Business Unit</p> <p>April 2017      Appointed as Managing Executive Officer, same as above</p> <p>April 2019      Appointed as Managing Executive Officer, Head of International Civil Engineering Divisions Group, International Business Unit, Head of International Administration Divisions Group (to the present)</p> <p>■      Reasons for selection as a candidate for Member of the Board</p> <p>Mr. Junji Katsumura has a wealth of operational experience regarding overseas business, etc., of the Company. The Company believes that he can draw on his ample experience and knowledge of duties in management as member of the board.</p>	8,100 shares

Candidate No.	Name (Date of birth)	Career summary, positions, and assignments	Number of shares of the Company held
7	Tomoyuki Yamashita (December 4, 1962) <u>Reappointment</u>	<p>April 1986      Joined the Company</p> <p>April 2017      Appointed as Executive Officer, General Manager, Head of Human Resources Division, Corporate Administration Divisions Group General Manager, Head of General Affairs Division</p> <p>April 2018      Appointed as Executive Officer, Head of Corporate Administration Divisions Group General Manager, Head of General Affairs Division Head of CSR Planning Office</p> <p>June 2018      Appointed as Executive Officer, Member of the Board, same as above</p> <p>April 2019      Appointed as Managing Executive Officer, Member of the Board, same as above (to the present)</p> <p>■      Reasons for selection as a candidate for Member of the Board Mr. Tomoyuki Yamashita has a wealth of operational experience regarding the human resources and general affairs 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> <p>■      Attendance at the board meetings during the fiscal year (after assumption of office) 100% (18 meetings out of 18 meetings)</p>	7,000 shares

Candidate No.	Name (Date of birth)	Career summary, positions, and assignments	Number of shares of the Company held
8	Yasuhiro Kawashima (August 18, 1944) <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	<p>April 1969      Joined Ministry of Transport (currently Ministry of Land, Infrastructure, Transport and Tourism)</p> <p>June 1998      Appointed as Bureau Manager, Ports and Harbours Bureau</p> <p>June 2000      Appointed as Minister's Secretariat, Deputy Minister for Technical Affairs</p> <p>January 2001   Appointed as Minister's Secretariat, Deputy Minister for Technical Affairs, Ministry of Land, Infrastructure, Transport and Tourism</p> <p>July 2001      Appointed as President, Service Center of Port Construction Engineering (currently Service Center of Port Engineering)</p> <p>March 2004     Appointed as Adviser, Nippon Steel Corporation (currently NIPPON STEEL CORPORATION)</p> <p>May 2005      Appointed as Chairman, FEDERATION OF JAPAN PORTS AND AIRPORTS CONSTRUCTION ASSOCIATION</p> <p>May 2006      Appointed as Chairman, Japan Marine Surveys Association (to the present)</p> <p>July 2006      Appointed as Adviser, Nippon Steel Engineering Co., Ltd. (currently NIPPON STEEL ENGINEERING CO., LTD.)</p> <p>June 2016     Appointed as Outside Board Member, the Company (to the present)</p> <p>■ Status of important concurrent positions Chairman, Japan Marine Surveys Association</p> <p>■ Reasons for selection as a candidate for Outside Board Member 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 continue to adequately fulfill the role of supervising the determination of important matters in the Company's management and business execution, etc.</p> <p>■ Attendance at the board meetings during the fiscal year 96% (22 meetings out of 23 meetings)</p> <p>■ Years served as Member of the Board at the close of this General Meeting of Shareholders Three years</p>	2,300 shares

Candidate No.	Name (Date of birth)	Career summary, positions, and assignments	Number of shares of the Company held
9	Hidenori Takahashi (August 26, 1951) <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	<p>November 1977 Joined Musashi Audit Corporation (currently Ernst &amp; Young ShinNihon LLC)</p> <p>August 1982 Registered as a certified public accountant</p> <p>August 1991 Representative Partner, Century Audit Corporation (currently Ernst &amp; Young ShinNihon LLC)</p> <p>June 2006 Appointed as Executive Director, Shin Nihon &amp; Co. (currently Ernst &amp; Young ShinNihon LLC)</p> <p>August 2008 Appointed as Senior Executive Board Member, Ernst &amp; Young ShinNihon LLC</p> <p>July 2010 Appointed as Chief Executive, The Japanese Institute of Certified Public Accountants</p> <p>August 2010 Appointed as Senior Adviser, Senior Partner, Ernst &amp; Young ShinNihon LLC</p> <p>June 2014 Resigned from Ernst &amp; Young ShinNihon LLC</p> <p>September 2014 Appointed as Executive Director, Professional Standards and Services, The Japanese Institute of Certified Public Accountants</p> <p>June 2017 Appointed as Outside Board Member, the Company (to the present)</p> <p>June 2018 Appointed as Outside Auditor, NIPPON VALQUA INDUSTRIES, LTD. (currently VALQUA, LTD.) (to the present)</p> <p>■ Status of important concurrent positions Outside Auditor, VALQUA, LTD.</p> <p>■ Reasons for selection as a candidate for Outside Board Member As Mr. Hidenori Takahashi has a wealth of experience and knowledge regarding business management at audit corporations and as a certified public accountant, the Company believes that he can continue to adequately fulfill the role of supervising the determination of important matters in the Company's management and business execution, etc.</p> <p>■ Special notes on a candidate for Outside Board Member Although Mr. Hidenori Takahashi has been engaged in the business execution of Ernst &amp; Young ShinNihon LLC, the Accounting Auditor of the Company, it has been approximately five years since he retired from the said auditing firm in June 2014, and the Company has judged that there will be no effect on his independence.</p> <p>■ Attendance at the board meetings during the fiscal year 100% (23 meetings out of 23 meetings)</p> <p>■ Years served as Member of the Board at the close of this General Meeting of Shareholders Two years</p>	1,500 shares

Candidate No.	Name (Date of birth)	Career summary, positions, and assignments	Number of shares of the Company held
10	Naoki Furuya (July 28, 1952) <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	<p>April 1976      Joined Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>April 2005      Appointed as Executive Officer, Mizuho Trust &amp; Banking Co., Ltd.</p> <p>June 2007      Appointed as Executive Managing Director</p> <p>June 2008      Appointed as Audit &amp; Supervisory Board Member, Mizuho Research Institute Ltd.</p> <p>June 2009      Appointed as Managing Director and Managing Executive Officer, Fuyo General Lease Co., Ltd.</p> <p>June 2011      Appointed as Audit &amp; Supervisory Board Member, Japan Carlit Co., Ltd. Outside Audit &amp; Supervisory Board Member, DC Co., Ltd.</p> <p>October 2013    Appointed as Audit &amp; Supervisory Board Member, Carlit Holdings Co., Ltd.</p> <p>June 2017      Appointed as Outside Director, Tokyo Small and Medium Business Investment &amp; Consultation Co., Ltd. (to the present, scheduled to retire on June 18, 2019)</p> <p>June 2017      Appointed as Outside Board Member, the Company (to the present)</p> <p>■ Reasons for selection as a candidate for Outside Board Member As Mr. Naoki Furuya has a wealth of experience and knowledge regarding corporate management through serving as Director of Mizuho Trust &amp; Banking Co., Ltd. and Fuyo General Lease Co., Ltd., the Company believes that he can continue to adequately fulfill the role of supervising the determination of important matters in the Company's management and business execution, etc.</p> <p>■ Special notes on a candidate for Outside Board Member Although Mr. Naoki Furuya served until June 2008 at Mizuho Trust &amp; Banking Co., Ltd., one of the Company's major lenders, it has been approximately 11 years since his retirement. Additionally, there are transactions between the Company and Fuyo General Lease Co., Ltd., where he served until June 2011, but the amount of these transactions is less than 0.01% of the consolidated net sales of the said company and the Company for the most recent fiscal year. Due to the above, the Company has judged that there will be no effect on his independence.</p> <p>■ Attendance at the board meetings during the fiscal year 100% (23 meetings out of 23 meetings)</p> <p>■ Years served as Member of the Board at the close of this General Meeting of Shareholders Two years</p>	1,300 shares

- Notes: 1. No special interest exists between the Company and the above candidates for member of the board.
2. Mr. Yasuhiro Kawashima, Mr. Hidenori Takahashi and Mr. Naoki Furuya are candidates for outside members of the board as defined by the Companies Act. Furthermore, if Proposal No. 2 is approved, the Company plans to conclude agreements to limit liability for damages with Mr. Yasuhiro Kawashima, Mr. Hidenori Takahashi and Mr. Naoki Furuya 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.
3. Mr. Yasuhiro Kawashima, Mr. Hidenori Takahashi and Mr. Naoki Furuya are independent directors /

auditors according to the standards defined by securities exchanges, and should their election be approved as proposed, the Company plans for them to continue being independent directors / auditors. In addition to the standards defined by securities exchanges, each person satisfies the standards of independence defined by the Company. The standards of determining independence for outside officers defined by the Company are provided on page 15.

(Reference)

### Standards of Determining Independence for Outside Officers

Independent outside Board Member and independent outside audit & supervisory board member of the Company (hereinafter referred to as “Outside Officers”) are defined as persons to whom 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 referred to as “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 Adviser, 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 (regardless of employment patterns) 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 outside 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)