

June 5, 2015

Takao Tanaka
President
Mitsui Engineering & Shipbuilding Co., Ltd.
6-4, Tsukiji 5-chome, Chuo-Ku, Tokyo, Japan

To Our Shareholders:

**NOTICE OF THE 112TH ORDINARY GENERAL
MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 112th Ordinary General Meeting of Shareholders of Mitsui Engineering & Shipbuilding Co., Ltd. (the “Meeting”) to be held on Friday, June 26, 2015, as described below.

Shareholders not attending the Meeting may vote for or against each of the agenda items to be resolved either in writing or on the Internet after reviewing the Reference Documents for the General Meeting of Shareholders.

For those who exercise voting rights in writing, please indicate your vote for each proposal on the voting form enclosed herein, and return it by postal mail. The form shall arrive by 5:00 P.M., Thursday, June 25, 2015.

For those who exercise voting rights on the Internet, please access the website designated for voting by the Company (<http://www.web54.net>) by using the voting code and the password written on the voting form, and enter your vote for each proposal in accordance with the online instruction by 5:00 P.M., Thursday, June 25, 2015. (The detailed instructions of “Exercise of Voting Rights on the Internet, etc.” are found in the last two pages of the Notice.)

1. Date and Time: Friday, June 26, 2015, at 10:00 A.M.

2. Place: 10th Floor, Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-Ku, Tokyo

3. Objectives

(a) Matters to be reported

- (1) Report of Business Report and Consolidated Financial Statements for the 112th Business Term from April 1, 2014 to March 31, 2015 (the “Term”) as well as Accounting Auditor’s Report and Board of Corporate Auditors’ Report on the Consolidated Financial Statements
- (2) Report of Financial Statements for the Term

(b) Matters to be resolved

Agenda Item No. 1: Appropriation of surplus

Agenda Item No. 2: Amendment to the Company’s Articles of Incorporation

Agenda Item No. 3: Election of eleven (11) Directors

4. Arrangements in Convening the Meeting

- (a) For the votes cast twice or more on the Internet by the same shareholder, the one received at the latest shall prevail.
- (b) For the votes received both by mail and on the Internet from the same shareholder, the one received later shall prevail. If we receive both on the same day, the vote on the Internet shall prevail.

Please note:

- Shareholders attending this General Meeting of Shareholders are requested to present the enclosed voting form at the reception desk.
- As for Notes to Consolidated Financial Statements and Notes to Financial Statements, the Company is deemed to have provided those to shareholders by means of disclosure by the Internet (on the Company’s website: <http://www.mes.co.jp/>) under laws and regulations and Article 16 of the Company’s Articles of Incorporation.
- In case of amendments to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Financial Statements, such amendments will be published by the Internet. (on the Company’s website: <http://www.mes.co.jp/>)

ATTACHED DOCUMENTS

BUSINESS REPORT

(from April 1, 2014 through March 31, 2015)

1. Current Status of the Company Group

(1) Business Overview

The global economy during the Term lacked strength in terms of economic expansion as a whole. The economic situation varied in countries and areas. For example, the U.S. economy steadily progressed supported by firm consumer consumption, while the European economy was still engulfed with uncertainty such as deflationary concerns in the Euro zone and a recurrence of the Greek problem, although it showed a slight business recovery. The Chinese economy and the economies of other emerging countries showed slowdowns.

In the Japanese economy, although business seemed to take a downturn in the first half of the Term under the influence of the consumption tax rate hike, in the second half of the Term, the economic conditions of the weak yen and high stock prices have continued owing to the government's economic policy and the Bank of Japan's monetary easing policy. The environment for earning profit has become favorable mainly for export related companies, and in addition to expansion of employment and recovery in consumer consumption, willingness to invest in facilities has showed signs of improvement. Thus, the economic recovery has progressed moderately.

Under such circumstances, the Company Group is approaching the task of building up systems for business expansion through the comprehensive power of the Company Group and global expansion. We are also promoting innovation of our business domains and business models under these basic policies comprised of (1) innovation of our manufacturing business, (2) expansion of our engineering business, (3) expansion of participation in projects and our related services business, and, in addition to these three strategic pillars, (4) strengthening of our management foundations, aiming for "achieving a balanced business portfolio that combines sustainable growth with income stability," which we envisioned in the 2014 Medium-Term Business Plan (a medium-term business plan covering the period from July 2013 to March 2017) and formulated ahead of schedule at the end of June 2013. As a part of the task described above, for "expansion of our engineering business," we advanced the development of the topside module of FPSO (Floating Production Storage and Offloading Vessel) in order to enter the EPC (engineering, procurement, and construction) field of marine resource development. In addition, for "expansion of participation in projects and our related services business," we established a base of after-sales support for industrial machinery in the Near and Middle East in order to reinforce the related services centered on manufacturing business. Furthermore, regarding "strengthening of our management foundations," in order to promote active facility investment aiming for enhancing competitiveness, we reexamined the planned amount of facility investment in the 2014 Medium-Term Business Plan (23 billion yen on consolidated basis and 15 billion yen on non-consolidated basis), and increased it to 70 billion yen

on consolidated basis and 30 billion yen on non-consolidated basis.

The consolidated amount of order intake during the Term decreased by 148 billion yen from the previous term to 959.8 billion yen, because our subsidiary, MODEC, Inc., received orders for large projects and the Engineering segment received a big deal in the previous term. Nevertheless, the consolidated amount of order intake remained at a high level as that exceeded the net sales.

Consolidated net sales saw an increase of 146.5 billion yen over the previous term to 816.5 billion yen supported by a steady progress of construction in large projects received in the previous term by Ship & Ocean Project segment and Engineering segment. Operating income fell by 6.7 billion yen from the previous term to 13.3 billion yen due to the effects of a sharp drop in profit at the consolidated subsidiary in Engineering segment. Ordinary income decreased by 11.3 billion yen compared to the previous term to 14.9 billion yen because operating income dropped this Term and we gained foreign exchange profits in the previous term. Net income for the Term declined by 33.4 billion yen from the previous term to 9.5 billion yen because gains on negative goodwill and step acquisitions were recorded as extraordinary income in the previous term.

Status of the business of each business segment was as follows:

The Company reorganized segments of administrating products. Accordingly, some products which were included in “Engineering segment” in the previous term are moved and included in “Machinery & Systems segment” from this Term. Comparisons with the previous term are described based on this post-change categorization.

[Ship & Ocean Project]

In the marine shipping market, large volumes of new shipbuilding in recent years continue to contribute to excess tonnage. Especially in the field of dry bulk, charter fees are at historically low levels. Also, in the new shipbuilding market, willingness to place orders has significantly declined due to the low prices of charter fees and there are few business talks which lead to concrete inquiries. In the field of marine development, the decline in the crude oil price has slowed down off-shore developing projects of oil wells and natural gas fields. Additionally, due to a scandal in Brazilian oil companies, even orders obtained by major Korean companies in the field of marine development have decreased sharply. Thus, there is increasing uncertainty for the future in this field.

Amid these situations, the Company has already developed four types of new bulk carriers that incorporate energy conservation and environmental technologies and brought them to the market. The total amount of orders for eco-friendly ships we have obtained has reached 58 and we retain a construction backlog of approximately two years. Furthermore, we have steadily constructed and delivered 16 eco-friendly bulk carriers of the 66,000 deadweight ton type and the 56,000 deadweight ton type in total since we delivered our first eco-friendly ship in November, two years

ago. We will leverage our strengths as a leading shipyard for eco-friendly ships to secure regular workloads in the field of general merchant ships.

Although we received 21 eco-friendly bulk carriers and a large sized FPSO project, the consolidated amount of order intake for the Term decreased 131.6 billion yen over the previous term to 547.9 billion yen.

Consolidated net sales amounted to 491.7 billion yen, a 114.5 billion yen increase from the previous term, due to steady progress of construction of FPSO and effects of a depreciation of the yen value. Operating income came to 10.2 billion yen, a 0.3 billion yen increase from the previous term. Although it rose in accordance with the improvement of net sales, it was affected by a concentration of construction works of low-priced ships in this Term.

[Machinery & Systems]

As regards marine diesel engines, the amount of order intake significantly increased over the previous term. Business talks about gas fired diesel engines, which are excellent in terms of environmental aspects and economic efficiency, have been increasing and the Company received 6 orders for the natural gas fired type and 3 orders for the ethane gas fired type in this Term. The production volume was 3,540,000 horsepower, almost at the same level as the previous term, and construction volume of Machinery Factory remained steady.

In industrial machinery, the environment for orders improved under the trend of the weak yen. Orders intake increased mainly in the section of reciprocating compressors for Turkish oil factories and for those of other overseas countries. In addition, the Company is moving ahead for swift business expansion and construction of an optimal-location production system by promoting alliances. For instance, we established a joint venture in Vietnam as a production base of process equipment (pressure vessels) and entered into a capital and business partnership agreement with Kaji Technology Corporation which has strength in small-sized reciprocating compressors.

As to material handling machinery, due to ongoing replacement demand for container cranes and an increase in the size of container ships, inquiries for large-sized container cranes were very robust both within and outside Japan and order intake hit a record high. Therefore, the Company has conducted a large-scale facility investment in Oita Works aiming for reinforcement of production capacity.

In the LSS Service (Life-cycle Solution Service and Customer Oriented Service) business, which is centered on after-sales support, we are working to strengthen order acquisition activities by promoting solutions sales and expanding our overseas sites. With the effects of the depreciation of the yen in the Term, both orders intake and net sales reached record highs. Furthermore, as regards overseas sites, we established bases of after-sales support for industrial machinery in Qatar and

Turkey.

The consolidated amount of orders intake in the Term was 183.1 billion yen, a 52.4 billion yen increase from the previous term. The businesses and products mainly contributing to this increase were container cranes, marine diesel engines, various kinds of industrial machinery, and after-sales support business. Consolidated net sales for those were 146.5 billion yen, a 1.3 billion yen decrease from the previous term, and operating income came to 9.8 billion yen, a 1.6 billion yen increase from the previous term because of favorable conditions of after-sales support business and industrial machinery.

[Engineering]

Although demand for petrochemical products is expected to continue to maintain strong growth in Asia and inquiries for production equipment for such products remain in favorable conditions, it has become apparent that decision making on investment for new projects has been postponed due to the fall in the price of crude oil from last autumn.

Demand in the renewable-based power generation business is still vibrant because in the environmental energy field, the purchase prices in the Feed-in Tariff Scheme for Renewable Energy remain intact except for solar power generation, and the market, led by solar power generation, is gradually turning toward the biomass, biogas, and wind power generation businesses. The Company Group has launched a solar power generation business at its Oita Works and has commercialized a project of biogas power generation in Hokkaido, making plans to start a full-fledged operation in the 2015 fiscal year.

As regards infrastructure overseas, demand for electric power is expected to rise sharply for a long period in accordance with economic growth in South-East Asia, and we are focusing on sales activities of civil engineering and construction work for thermal power plants.

Under these circumstances, overseas, we obtained orders for a low density polyethylene plant for North America and a set of civil engineering and construction work for the extension of facilities in the thermal power plants for Vietnam. In Japan, we received an order for construction work of a solar power generation plant. On the other hand, because of postponements of planned petrochemical projects in South-East Asia and domestic biomass power generation business, consolidated orders intake decreased by 83.9 billion yen from the previous term to 182.4 billion yen. Consolidated net sales increased by 13.2 billion yen over the previous term to 129.9 billion yen due to the progress of construction work of petrochemical plants in Singapore and North America, and renewable-based power (wind power, solar power, and biomass power) generation plants. Operating income, affected by worsened profitability due to delays of delivery in some construction projects, came to a 10.6 billion yen operating loss, a 10.4 billion yen increase in loss from the previous term.

[Others]

The Company was also engaged in the development and sales of information systems, other various service businesses such as lease of warehousing, and business conducted by Showa Aircraft Industry Co., Ltd., which became a consolidated subsidiary of the Company Group from the end of the previous term. The consolidated amount of orders intake in these areas was 46.4 billion yen, a 15.1 billion yen increase from the previous term, the consolidated net sales was 48.3 billion yen, a 20.1 billion yen increase from the previous term, and operating income was 3.9 billion yen, a 1.8 billion yen increase from the previous term.

[Amounts of Consolidated Order Intake and Sales during the Term and Consolidated Order Backlog at the End of the Term by Segment]

(Unit: Million Yen)

Segment	Orders	Sales	Order Backlog
Ship & Ocean Project	547,853	491,739	1,226,031
Machinery & Systems	183,107	146,501	144,262
Engineering	182,436	129,929	406,676
Others	46,388	48,349	13,104
Total	959,784	816,520	1,790,076
(of which, Export)	(665,310)	(576,091)	(1,496,831)

(2) Facilities Investment

The amount of facilities investment by the Company Group during the Term was 16.6 billion yen. Major items included extension work of the fuel gas supply system for low-speed diesel engines, solar power generation facilities installed at Oita Works, and construction and renovation works of commercial buildings invested by a subsidiary.

(3) Financing

On December 12, 2014, the Company issued its 15th unsecured corporate debentures, whose redemption date is December 12, 2019., in the amount of 5 billion yen, and its 16th unsecured corporate debentures, whose redemption date is December 10, 2021, in the amount of 5 billion yen. The purpose of the issuances was to procure funds for repayment of borrowings and working capital.

In addition, MODEC, Inc. issued 10 million new shares by public offering and third party allotment and raised a total of 19.873 billion yen. The purpose of the issuance was to procure funds for investment and lending. (The amount of shares it issued includes 5.01 million shares allotted to the Company. Accordingly, the total amount of money it raised includes 10.105 billion yen paid by the Company.)

(4) Issues to Address

In the 2014 Medium-Term Business Plan, we have placed the following four businesses as the core business domains: ship & offshore instruments, machinery, plants and marine resources development. We are innovating our business domains and business models in line with the basic policy comprised of the four points described below.

Concerning innovation of our business domains, in fiscal year 2014, which is the second year of the 2014 Medium-Term Business Plan, we promoted cooperation work relating to FPSO business with MODEC, Inc. We received an order for a hull part of FPSO from MODEC, Inc. and delivered it in February, 2015. In addition, as regards innovation of our business models, we are advancing constructing biogas power generation facilities, one of which is the largest scale in Japan using methane gas derived from livestock waste as fuel. We are tackling not only EPC of these facilities but also a new business model, in which we financed and established an operational company and will perform operation and maintenance of the facilities.

In fiscal year 2015, which is the third year of the 2014 Medium-Term Business Plan, we are implementing the following measures for the four points of the basic policy with greater speed:

1) Innovation of our manufacturing business

In shipbuilding, marine diesel engines, and container cranes, we will promote differentiation of our products by energy conservation and environmental technologies in order to cope with market trends quickly. In addition, we will improve competitiveness of our products by reinforcement of production facilities and cost reduction.

2) Expansion of our engineering business

We will expand our engineering business in the fields where market growth is expected, such as marine resources development and environmental energy. By strengthening cooperation with subsidiaries such as MODEC, Inc., and Burmeister & Wain Scandinavian Contractor A/S even more, we will enhance the proportion of our engineering business in the Company Group.

3) Expansion of participation in projects and our related services business

We are aiming to expand our after-sales support business. We will promote reinforcement of upstream and downstream services which set EPC as the core in the renewable energy field. In addition, we will move ahead with expansion and improvement of overseas operation bases of our after-sales support business.

4) Strengthening of our management foundations

We are aiming to strengthen our consolidated business management. In the unpredictable

external management environment, it is essential to reinforce consolidated business management. We will steadily advance cooperation work by considering mutual synergy with Showa Aircraft Industry Co., Ltd., which became our subsidiary at the end of the previous term. While corporate activities becoming more global, we recognize applying International Financial Reporting Standards (IFRS) as one of our tasks and we will give continuous consideration to this task aiming for a smooth transition to IFRS on a long-term basis.

We are aiming to move ahead with selection and concentration of our current business. Although the Company Group is conducting multiple businesses, we will continue promoting selection and concentration of business in order to strengthen our management foundations. We decided to withdraw from the business of producing equipment of semiconductors and displays and the business of manufacturing positive electrode material of lithium-ion batteries last year. For the purpose of strengthening our business foundation further, we will invest management resources into the following four business domains: ship & offshore instruments, machinery, plants and marine resources development.

(5) Financial and Profit/Loss Indicators**a. Consolidated Business Achievement During the Past Four Terms**

Term Number (Years to March 31)	109 th (2011)	110 th (2012)	111 th (2013)	112 th (2014)
Order Intake (Million Yen)	686,886	662,556	1,107,750	959,784
Net Sales (Million Yen)	571,852	577,093	670,067	816,520
Ordinary Income (Million Yen)	32,345	26,162	26,179	14,899
Net Income (Loss) (Million Yen)	17,880	(8,207)	42,854	9,463
Net Income (Loss) per Share (Yen)	21.59	(9.91)	51.80	11.63
Total Assets (Million Yen)	655,929	660,397	932,896	1,074,563
Net Assets (Million Yen)	209,631	207,313	323,608	347,305
Net Assets per Share (Yen)	219.17	212.24	266.64	292.86

b. Company's Business Achievement During the Past Four Terms

Term Number (Years to March 31)	109 th (2011)	110 th (2012)	111 th (2013)	112 th (2014)
Order Intake (Million Yen)	278,951	189,743	289,149	320,463
Net Sales (Million Yen)	300,258	257,336	259,854	253,343
Ordinary Income (Million Yen)	18,913	11,005	10,075	8,661
Net Income (Loss) (Million Yen)	13,192	(13,226)	3,027	(1,187)
Net Income (Loss) per Share (Yen)	15.92	(15.97)	3.66	(1.46)
Total Assets (Million Yen)	449,370	419,797	446,242	454,382
Net Assets (Million Yen)	143,065	128,222	130,551	126,875
Net Assets per Share (Yen)	172.68	154.90	157.65	156.78

(6) Major Subsidiaries

Name	Capital	The Company's Ownership of Voting Rights	Major Business Field
MODEC, Inc.	30,122 million yen	50.1%	Design, construction and installation of ocean structures such as FPSO
Showa Aircraft Industry Co., Ltd.	4,949 million yen	65.6%	Manufacture and sale of transport equipment, real estate leasing and management
Burmeister & Wain Scandinavian Contractor A/S	150 million DKK	100.0%	Construction of diesel power generation plants
Mitsui Zosen Systems Research Inc.	720 million yen	100.0%	Development and sale of information systems
Mitsui Meehanite Metal Co., Ltd.	492 million yen	100.0%	Manufacture, import and sale of iron and steel casting products
Niigata Shipbuilding & Repair, Inc.	475 million yen	100.0%	Design, manufacture and repair of ships

(Notes)

1. The relevant percentage of the Company's ownership of voting rights for Showa Aircraft Industry Co., Ltd. incorporates 5,131,000 shares (that correspond to 15.7% voting rights) the Company contributed to Sumitomo Mitsui Trust Bank, Limited as a retirement benefit trust (with the Company retaining the right to instruct the exercise of voting rights).
2. DKK stands for Danish Krone.
3. Our 100% subsidiary Mesco Denmark A/S holds 100% of shares issued by Burmeister & Wain Scandinavian Contractor A/S as a holding company.
4. The Company has 87 consolidated subsidiaries, including 6 major subsidiaries listed above, and 43 affiliates accounted for by the equity method.
5. The percentage of the Company's ownership of voting rights is rounded down to the first decimal place.

(7) Principal Operations (as of March 31, 2015)

Design, manufacture, engineering, construction, installation, sales and repair/maintenance of the following products and related equipment, and the following service businesses:

[Ships and Oceans]: Ships, naval ships, high speed passenger/vehicle ferries, floating production storage and offloading vessels, marine structures, under water equipment, domestic bridge business, harbor structures

[Machinery and Systems]: Marine & stationary diesel engines, marine equipment, gas engines, steam turbines, blowers, process compressors, gas turbines, co-generation systems, process equipment, mechatronics equipment, container cranes, industrial cranes, container terminal management systems, induction heaters, semiconductors materials

[Engineering]: Chemical plant, overseas civil works, power generation plant, renewable-based power generation business, waste treatment plant, water treatment plant, resources recycling plant, PCB disposal plant

[Others]: Information/communication related equipment, systems development, logistics service, transport equipment, real estate leasing and management

(8) Major Offices, Branch Offices and Works (as of March 31, 2015)

a. Company

Head Office: 6-4, Tsukiji 5-chome, Chuo-Ku, Tokyo

Makuhari Center: World Business Garden Marib East Bldg., 2-6-1, Nakase, Mihama-Ku, Chiba City, Chiba

Works: Tamano (Tamano City, Okayama), Chiba (Ichihara City, Chiba), Oita (Oita City, Oita)

Branch: Hokkaido (Sapporo City, Hokkaido), Tohoku (Sendai City, Miyagi),
Chubu (Nagoya City, Aichi), Kansai (Osaka City, Osaka),
Chugoku (Hiroshima City, Hiroshima), Kyushu (Fukuoka City, Fukuoka),
Higashi-Kyushu (Oita City, Oita), Okinawa (Naha City, Okinawa), 1 other domestic branch
and 4 oversea offices

b. Subsidiaries

MODEC, Inc.	Head office: Chuo-Ku, Tokyo
Showa Aircraft Industry Co., Ltd.	Head office: Akishima City, Tokyo
Burmeister & Wain Scandinavian Contractor A/S	Head office: Denmark
Mitsui Zosen Systems Research Inc.	Head office: Chiba City, Chiba
Mitsui Meehanite Metal Co., Ltd.	Head office: Okazaki City, Aichi
Niigata Shipbuilding & Repair, Inc.	Head office: Niigata City, Niigata

(9) Number of Employees (as of March 31, 2015)

a. Employees of the Company Group:

Segment	Number of Employees
Ship & Ocean Project	5,390
Machinery & Systems	2,195
Engineering	2,234
Others	2,345
Corporate (common)	127
Total	12,291

(Note) The number of employees includes the employees seconded from out-of-group companies, but excludes the employees seconded from Group companies to out-of-group companies.

b. Employees of the Company: 3,623 (143 decrease from previous term)

Average age: 38.3 years old, average years of service per employee: 16.0 years

(Note) The number includes the employees seconded from other companies to the Company, but excludes the employees seconded from the Company to other companies.

(10) Major Lenders

a. Major Lenders for the Company (as of March 31, 2015)

Lender	Loan Balance
Sumitomo Mitsui Banking Corporation	15,883million yen
Sumitomo Mitsui Trust Bank, Limited	14,892million yen
Mizuho Bank, Ltd.	14,587million yen

b. Principal Lenders for MODEC, Inc. (as of December 31, 2014)

Lender	Loan Balance
Sumitomo Mitsui Banking Corporation	6,896 million yen
Sumitomo Mitsui Trust Bank, Limited	6,498 million yen
Mitsui & Co., Ltd.	3,004 million yen

(11) Acts of Business Reorganizations Including Business Transfers and Mergers

The Company entered into a basic capital and business partnership agreement with Kaji Technology Co., Ltd. on January 30, 2015, and, having acquired shares of the said company, made the said company an affiliate accounted for by the equity method.

(12) Other Important Matters concerning the Company Group

There are no special matters that shall be reported.

2. Matters concerning the Company's Shares (as of March 31, 2015)

a. Number of shares authorized to be issued: 1,500,000,000 Shares

b. Number of outstanding shares: Common Shares 830,987,176 Shares
Amount of Capital 44,384,954,321 yen

c. Number of shareholders: 71,523

d. Major 10 shareholders

Name	Number of Shares Held (Thousand Shares)	Share- holding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	41,345	5.11
Japan Trustee Services Bank, Ltd. (Trust Account)	35,054	4.33
Mitsui & Co., Ltd.	25,500	3.15
The 114 th Bank	25,460	3.14
Japan Trustee Services Bank, Ltd. (Trust Account for the retirement allowance for Sumitomo Mitsui Trust Bank, Limited)	23,316	2.88
Mitsui Life Insurance Company, Limited	16,002	1.97
Sumitomo Mitsui Banking Corporation	13,647	1.68
Mitsui Sumitomo Insurance Company, Limited	13,035	1.61
Japan Trustee Services Bank, Ltd. (Trust Account 4)	11,149	1.37
Imabari Shipbuilding Co., Ltd.	10,525	1.30

(Notes)

1. Although the Company holds 22,671,426 treasury shares, it is excluded from major shareholders described above. Those treasury shares include 4,000 shares nominally owned by the Company of which the Company is not the practical shareholder.
2. The ratio of shareholding is calculated after deducting treasury shares.
3. The shares held by Japan Trustees Service Bank, Ltd. (Trust Account for the retirement allowance for Sumitomo Mitsui Trust Bank, Limited) are the trusted property of the retirement allowances entrusted by Sumitomo Mitsui Trust Bank, Limited.

3. Subscription Rights to Shares

a. Subscription Rights to Shares held by the Company's Directors at the end of the Term

Name (Date of Resolution of Issuance)	Number of Subscription Rights to Shares	Class and Number of Shares to Be Issued upon Exercise	Amount to Be Paid in for Subscription Rights to Shares	Exercise Price of Subscription Rights to Shares	Exercise Period	Number of Holders
Series I Subscription Rights to Shares (July 30, 2013)	369	Common stock: 369,000 shares (1,000 shares per unit)	144,000 yen per unit (144 yen per share)	1,000 yen per unit (1 yen per share)	From August 24, 2013 to August 23, 2043	14 Directors (excluding Outside Directors)
Series II Subscription Rights to Shares (July 31, 2014)	250	Common stock: 250,000 shares (1,000 shares per unit)	191,000 yen per unit (191 yen per share)	1,000 yen per unit (1 yen per share)	From August 23, 2014 to August 22, 2044	14 Directors (excluding Outside Directors)

(Note) The number of Subscription Rights to Shares held by the Company's Directors includes the number of those they had been provided before they were assigned as Directors.

b. Subscription Rights to Shares allotted to employees, etc. during the Term

Name (Date of Resolution of Issuance)	Number of Subscription Rights to Shares	Class and Number of Shares to Be Issued upon Exercise	Amount to Be Paid in for Subscription Rights to Shares	Exercise Price of Subscription Rights to Shares	Exercise Period	Number of Persons Who Acquired Subscription Rights to Shares
Series II Subscription Rights to Shares (July 31, 2014)	116	Common stock: 116,000 shares (1,000 shares per unit)	191,000 yen per unit (191 yen per share)	1,000 yen per unit (1 yen per share)	From August 23, 2014 to August 22, 2044	21 Employees (Deputy Directors)

4. Officers of the Company (as of March 31, 2015)

a. Names, titles and responsibilities at the Company, and important concurrent positions outside the Company of Directors and Corporate Auditors

<i>Name</i>	<i>Title</i>	<i>Responsibilities at the Company</i>	<i>Important Concurrent Positions Outside the Company</i>
<i>Yasuhiko Katoh</i>	Chairman and Representative Director		—
<i>Takao Tanaka</i>	President and Representative Director		—
<i>Masafumi Okada</i>	Vice President and Representative Director	Assistant to President, in charge of corporate management, sales, and Marketing Promotion Dept., General Manager of Export Control Dept., CCO and CPO	—
<i>Takaki Yamamoto</i>	Managing Director	In charge of auditing, personnel & general affairs, procurement, and environmental & safety control	—
<i>Hiroyuki Komine</i>	Managing Director	General Manager of Engineering Hq.	—
<i>Shinsuke Minoda</i>	Managing Director	General Manager of Machinery & Systems Hq.	—
<i>Norihisa Fukuda</i>	Managing Director	General Manager of Ship & Ocean Project Hq.	—
<i>Takahiro Hiraiwa</i>	Director	General Manager of Tamano Works in charge of manufacturing	—
<i>Nobuo Doi</i>	Director	General Manager of Research & Development Hq.	—
<i>Akira Nishihata</i>	Director	In charge of corporate planning	<i>Director, MODEC, Inc.</i>
<i>Takehiko Tsubokawa</i>	Director	Deputy General Manager of Ship & Ocean Project Hq. in charge of Ocean Business Promotion Dept. and Chiba Works	<i>Auditor, MODEC, Inc.</i>
<i>Kiyoshi Nakamura</i>	Director	In charge of finance & accounting and IR	—
<i>Yasuki Kishimoto</i>	Director	Deputy General Manager of Machinery & Systems Hq., General Manager of Oita Works	—
<i>Shinsuke Nippo</i>	Director	Deputy General Manager of Engineering Hq.	<i>Director, MODEC, Inc. Inc.</i>
<i>Toru Tokuhisa</i>	Director		<i>Executive Vice President and Representative Director, Nusa Tenggara Mining Corp.</i>

<i>Name</i>	<i>Title</i>	<i>Responsibilities at the Company</i>	<i>Important Concurrent Positions Outside the Company</i>
<i>Yasuo Irie</i>	Corporate Auditor, Full Time		—
<i>Yoshihisa Kitajima</i>	Corporate Auditor, Full Time		—
<i>Kazuya Imai</i>	Corporate Auditor		—
<i>Mitsuaki Yahagi</i>	Corporate Auditor		<i>Corporate Auditor, Toray Industries, Inc.</i>

(Notes)

1. CCO stands for Chief Compliance Officer.
2. CPO stands for Chief Privacy Officer.
3. Mr. Toru Tokuhisa, Director, is an Outside Director.
4. Messrs. Kazuya Imai and Mitsuaki Yahagi, Corporate Auditors, are Outside Corporate Auditors.
5. The Company designated Mr. Toru Tokuhisa, Director, and Messrs. Kazuya Imai and Mitsuaki Yahagi, Corporate Auditors, as independent directors/auditors under the regulations of Tokyo Stock Exchange, and reported it to Tokyo Stock Exchange.

<For Reference>

Responsibilities of the Company's Directors and Executive Officers after April 1, 2015

The Company introduced "Executive Officer System" on April 1, 2015 and the responsibilities of Directors and Executive Officers were provided as follows;

<i>Name</i>	<i>Title</i>	<i>Responsibilities at the Company</i>
<i>Yasuhiko Katoh</i>	Chairman and Representative Director	
<i>Takao Tanaka</i>	President, Representative Director, and CEO	
<i>Masafumi Okada</i>	Vice President and Representative Director	Assistant to President, in charge of sales and Marketing Promotion Dept., and General Manager of Export Control Dept.
<i>Takaki Yamamoto</i>	Managing Director	In charge of Audit Dept., personnel & general affairs, procurement, and environmental & safety control, and CCO
<i>Hiroyuki Komine</i>	Director and Managing Executive Officer	General Manager of Engineering Hq.
<i>Shinsuke Minoda</i>	Director and Managing Executive Officer	General Manager of Machinery & Systems Hq.

<i>Name</i>	<i>Title</i>	<i>Responsibilities at the Company</i>
<i>Norihisa Fukuda</i>	Director and Managing Executive Officer	General Manager of Ship & Ocean Project Hq.
<i>Takahiro Hiraiwa</i>	Director and Managing Executive Officer	General Manager of Tamano Works in charge of manufacturing
<i>Nobuo Doi</i>	Director and Managing Executive Officer	General Manager of Research & Development Hq.
<i>Akira Nishihata</i>	Director	In charge of Corporate Planning Dept.
<i>Takehiko Tsubokawa</i>	Director and Executive Officer	Deputy General Manager of Ship & Ocean Project Hq. in charge of Ocean Business Promotion Dept. and Chiba Works
<i>Kiyoshi Nakamura</i>	Director	In charge of finance & accounting and IR Dept.
<i>Yasuki Kishimoto</i>	Director and Executive Officer	Deputy General Manager of Machinery & Systems Hq., General Manager of Oita Works
<i>Shinsuke Nippo</i>	Director and Executive Officer	Deputy General Manager of Engineering Hq.
<i>Yukinori Torii</i>	Executive Officer	Deputy General Manager of Research & Development Hq. and General Manager of Technical Co-ordination Dept., Research & Development Hq.
<i>Tetsuro Koga</i>	Executive Officer	Deputy General Manager of Ship & Ocean Project Hq. and General Manager of Planning & Administration Dept., Ship & Ocean Project Hq.
<i>Katsuhiko Yoshida</i>	Executive Officer	Deputy General Manager of Engineering Hq. (in charge of plant engineering)
<i>Toshiro Miyake</i>	Executive Officer	General Manager of Chiba Shipyard, Ship & Ocean Project Hq. and General Manager of Chiba Works
<i>Shoichi Taguchi</i>	Executive Officer	General Manager of Machinery Factory, Machinery & Systems Hq.
<i>Ryoichi Oka</i>	Executive Officer	General Manager of Technoservice Dept., Machinery & Systems Hq.

<i>Name</i>	<i>Title</i>	<i>Responsibilities at the Company</i>
<i>Yuichi Shiomi</i>	Executive Officer	General Manager of Finance & Accounting Dept.
<i>Yuji Kozai</i>	Executive Officer	General Manager of Corporate Planning Dept.

(Note)

CEO stands for Chief Executive Officer.

b. Remunerations for Directors and Corporate Auditors

Total amount of remunerations paid for the Term

Classification	Number of Recipients	Total Amount of Remunerations
Directors (of which Outside Directors)	17 (1)	342 million yen (9 million yen)
Corporate Auditors (of which Outside Corporate Auditors)	4 (2)	72 million yen (17 million yen)
Total	21	414 million yen

(Notes)

1. The above includes two Directors who retired as of the conclusion of the 111th Ordinary General Meeting of Shareholders held on June 26, 2014.
2. Remunerations for the Directors do not include the employee salaries paid to the Directors who concurrently serve as employees.
3. Remunerations for Directors and for Corporate Auditors were resolved at the 107th Ordinary General Meeting of Shareholders held on June 25, 2010 to be not more than 630 million yen per year (excluding the employee salaries) and not more than 90 million yen per year, respectively.
4. The total amount of remunerations for Directors includes 49 million yen recorded as expenses for the Term, related to subscription rights to shares allotted as stock option remuneration.

Outside Directors are not eligible for the stock option remuneration.
5. As of the conclusion of the 110th Ordinary General Meeting of Shareholders held on June 27, 2013, the Company abolished the retirement benefits program for Directors and Corporate Auditors. It was also resolved that, for Directors and Corporate Auditors holding offices subsequently to the conclusion of that Meeting, retirement benefits for Directors and Corporate Auditors corresponding to the terms of office prior to abolishment of the retirement benefits program for Directors and Corporate Auditors will be provided to each of the eligible persons upon retirement.

c. Matters concerning Outside Directors and Corporate Auditors

- (a) Important concurrent post held by Outside Directors and Corporate Auditors at corporations in which they are persons who execute business and relationship between the Company and such corporations:

Mr. Toru Tokuhisa, Director concurrently serves as Executive Vice President and Representative Director of Nusa Tenggara Mining Corp. The Company has no special relationship with Nusa Tenggara Mining Corp.

- (b) Important concurrent post held by Outside Directors and Corporate Auditors at corporations for which they serve as outside directors or corporate auditors and relationship between the Company and such corporations:

Mr. Mitsuaki Yahagi, Corporate Auditor, is an outside corporate auditor of Toray Industries, Inc. The Company has deals of sale of parts for industrial machinery with Toray Industries, Inc.

- (c) Major activities during the Term:

- Attendance at the Board of Directors meetings and Board of Corporate Auditors meetings.

Mr. Toru Tokuhisa, Director: Attended all 16 Board of Directors meetings.

Mr. Kazuya Imai, Corporate Auditor: Attended all 16 Board of Directors meetings and all 14 Board of Corporate Auditors meetings.

Mr. Mitsuaki Yahagi, Corporate Auditor: Attended 15 of 16 Board of Directors meetings, the ratio of which is 94%, and all 14 Board of Corporate Auditors meetings.

- Expressions of opinions and other at the Board of Directors meetings and Board of Corporate Auditors meetings:

Mr. Toru Tokuhisa, Director, raised questions and expressed his opinions when necessary at the Board of Directors meetings he attended, based on his experience as an employee of a governmental financial institution and the management of a company in the business of investment financing for overseas mines, leveraged his abundant knowledge of international finance and management in general.

Mr. Kazuya Imai, Corporate Auditor, raised questions and expressed his opinions when necessary at the Board of Directors meeting and Board of Corporate Auditors meetings he attended with his abundant discernment regarding business activity and management in general based on his experience as management of a general trading company.

Mr. Mitsuaki Yahagi, Corporate Auditor, raised questions and expressed his opinions when necessary at the Board of Directors meeting and Board of Corporate Auditors meetings he attended with his abundant discernment regarding economic trend and management in general based on his experience as management of a financial institution.

(d) Outline of Liability Limitation Agreement

Mr. Toru Tokuhisa, Director, and Messrs. Kazuya Imai and Mitsuaki Yahagi, Corporate Auditors, have each entered into a Liability Limitation Agreement with the Company that limits the amount of their liability as set forth in Article 423, paragraph 1 of the Companies Act to 10 million yen or the minimum liability amount provided for by laws and regulations, whichever is higher.

5. Accounting Auditor

a. Name of Accounting Auditor: KPMG AZSA LLC (in Japanese *Azusa Kansa-Hojin*)

b. Amount of fees paid to the Accounting Auditor

Fees to the Accounting Auditor for the Term: 91 million yen

Total of cash and other financial profits payable by the Company and its subsidiaries to the Accounting Auditor: 207 million yen

(Notes)

1. In the audit agreement between the Company and the Accounting Auditor, no distinction is made between the remuneration that it pays for auditing services governed by the Companies Act and for auditing services governed by the Financial Instruments and Exchange Act, and such distinction is actually impossible. Consequently, the amount shown above is a sum of these two amounts.

2. Among our major subsidiaries, overseas subsidiaries of MODEC, Inc., Showa Aircraft Industry Co., Ltd., and Burmeister & Wain Scandinavian Contractor A/S are audited by other auditing firms.

c. Non-audit professional services provided by the Accounting Auditor

The Company also paid compensation to the Accounting Auditor for financial and taxation due diligence, preparation of a comfort letter in relation to issuance of the corporate debentures by the Company, etc., which are not statutory auditing duties stipulated in Article 2, paragraph 1 of the Certified Public Accountants Act.

d. Policy for decisions on dismissal or non-reappointment of the Accounting Auditor

Concerning dismissal or non-reappointment of the Accounting Auditor, the Board of Corporate Auditors shall decide contents of a proposed resolution they submit to the General Meeting of Shareholders, in the event they judge it necessary to do so in cases such as where the Accounting Auditor is recognized to have difficulty in properly fulfilling its auditing duties.

In addition, the Board of Corporate Auditors shall be entitled to dismiss the Accounting Auditor by a unanimous vote when it is recognized that the Accounting Auditor falls under any of the items stipulated in Article 340, paragraph 1 of the Companies Act. In such event, a Corporate Auditor nominated by the Board of Corporate Auditors shall report at the first Ordinary General Meeting of Shareholders held after such dismissal the fact of dismissal and the reason thereof.

(Note)

In line with the enforcement of the “Act for Partial Revision of the Companies Act” on May 1, 2015, the Company made alterations to rules including the decision-making organ for issues concerning dismissal or non-reappointment of the Accounting Auditor.

6. System to Ensure Properness of Operations

The Company resolved at a meeting of the Board of Directors held on May 10, 2006 the “Basic Policy regarding Establishment of Internal Control System,” and has kept reviewing and making amendments to the “Basic Policy” every year for further enrichment of the Internal Control System. Ahead of enforcement of the “Act for Partial Revision of the Companies Act” on May 1, 2015, the review was approved at a meeting of the Board of Directors held on March 30, 2015. The new system is put into effect on April 1, 2015.

- (i) System to ensure execution of duties by Directors is in conformity with laws and regulations and the Articles of Incorporation of the Company
 - (a) To ensure the manner of business execution is appropriate and sound as a whole, the Board of Directors will further strengthen corporate governance, and consolidate effective risk control system, internal control system and compliance system for the Company Group comprised of the Company and subsidiaries.
 - (b) To strengthen the functions of oversight by the Board of Directors, Outside Directors of independent standing shall be elected.
 - (c) To reinforce functions of the Board of Directors to decide and oversee important matters, and to make corporate business execution effective, the Company shall introduce “Executive Officer System.”
 - (d) The Company shall take measures to ensure the reliability of the information that could have significant impact on the financial reporting.
 - (e) Based on the audit report by the Corporate Auditors and the Board of Corporate Auditors on the effectiveness of the risk control system, internal control system and compliance system, the Board of Directors will exert efforts for early discovery of problems and rectification, if necessary.
- (ii) System to ensure the preservation and management of information related to execution of duties by Directors
 - (a) The secretary of respective management committees will prepare the documents (including electronic documents) recording the resolutions by the management and the execution of duties in accordance with the relevant rules, and will preserve and manage them in the appropriate manner.
 - (b) The Directors and Corporate Auditors may review such documents whenever necessary.
- (iii) Regulations and other organizational structures related to the management of the risk of loss
 - (a) To promote “total risk management” to exhaustively grasp and evaluate all risks related to overall business activities, and to continuously confirm and control on management level

whether appropriate measures are taken against important risks of high priority.

- (b) In case unexpected events which may significantly negatively influence continuation of business, safety and securing of personnel life or significant emergency which may threaten continuation as an enterprise occurs, the “Special Risk Management Committee” headed by Representative Director will deliberate necessary countermeasures to minimize losses.
- (c) Regarding the control of business operation risk that could have large impact on the management, each of the operational headquarters shall establish a headquarters internal review meeting for risk control and carry out the checking of risks by themselves.
- (d) The Audit Dept., which is independent and objective under direct control by the President, shall be responsible for conducting internal audits to verify effectiveness of risk management by the operational divisions, and recommend corrective measures to any defects.

(iv) System to ensure efficient execution of duties by Directors

- (a) Besides the monthly ordinary meetings and extraordinary meetings of the Board of Directors, in order for the Directors to make managerial decisions underlying proper and efficient execution of their duties, the Company organizes management bodies such as the Management Strategy Committee and the Management Committee and deliberates and decides the matters depending on their respective functions.
- (b) Directors execute their duties properly with responsibility and authorization based on the work assignment decided at the Board of Directors. Directors report the status to the Board of Directors at least once every three months.
- (c) By transferring authority of business execution to Executive Officers elected at the Board of Directors, the Company shall endeavor to optimize Directors’ execution of their duties.
- (d) With clear objectives and strictly pursuing profitability for strengthening market competitiveness, the Board of Directors shall have the Company and each of the business divisions formulate targets as annual budget plans. Directors or Executive Officers report the status every three months to the member of the Management committees, the member of the Board of Directors, and other related persons.

(v) System to ensure execution of duties by employees is in conformity with laws and regulations and the Articles of Incorporation of the Company

- (a) As for Compliance, the Company shall establish a “Compliance Committee” based on the “Internal Rules on Operation of Compliance” for overseeing and promoting compliance. Its members consist of the compliance officers of the Head Office, Works, and subsidiaries, and Chief Compliance Officer (hereinafter called “CCO”) elected at the Board of Directors serves as the chairman of the Committee.

- (b) As for observance of the Anti-Monopoly Act, the Company, particularly for strengthening monitoring of its observance, shall establish the “Supervisory Committee for Compliance with Anti-Monopoly Act” as the subcommittee of the “Compliance Committee” in order for the Company to thoroughly oversee the activity of this subject. Its members consist of senior-ranked employees from each of the corporate departments and sales departments of the business divisions, and the CCO serves as the chairman of the Committee.
 - (c) For the observance of the Code of Corporate Conduct, the Company shall promote education for enlightenment to the officers and employees of the Company and subsidiaries for their better understanding of the Code.
 - (d) In order to detect early activity which would violate the laws and regulations and other problems related to compliance, the Company ensures the effectiveness of the “Help-line” system (whistle-blowing system) that connects officers and employees of the Company, subsidiaries and their business connections directly to the outside attorney-at-law and/or the chief of compliance bureau in accordance with “Internal Rules on Operation of Whistle-blowing System” established based on the “Whistleblower Protection Act.”
 - (e) As for Compliance System, the Audit Dept. conducts internal audits to examine the effectiveness of the system and, in the event that a defect in the system is found, corrective measures are to be taken.
 - (f) To ensure the reliability of the information which could have significant impact on the financial reporting, and as for disclosure of the financial information or other information of the Company, the Company discloses adequately and timely the Company’s information in accordance with the internal rules on disclosure of the Company’s information.
- (vi) System to ensure appropriate operations of the Company Group consisting of the Company and its subsidiaries
- (a) By means of stipulating the “Corporate Principle,” “Business Attitude” and “Code of Conduct” for the Company Group, each of the member companies ensure necessary systems for appropriate operations.
 - (b) As for the management control of the subsidiaries, in addition to dispatching the Directors and Corporate Auditors to each of the subsidiaries for supervision, each subsidiary is managed and supervised through its system that is subject to the approval from the Company in its decision-making and to reporting obligation to the Company in accordance with the “Internal Rules on Company Group Management Control.”
 - (c) As for the internal control of the Company Group related to financial reporting, in addition to self-checks by means of own evaluation, effectiveness thereof is inspected and checked through the independent internal audit by the Audit Dept., and is rectified, if necessary.

- (d) As for compliance, “Internal Rules on Operation of the Compliance” is also applied to the directors of the subsidiaries. The President of each of the subsidiaries ensures the system of compliance tailored for each business of the subsidiaries as the Compliance Officer pursuant to instructions of the “Compliance Committee.”
 - (e) Directors and employees of the subsidiaries may also use the “Helpline” mentioned above.
- (vii) Treatment of employees in the event that Corporate Auditors request staff to assist in carrying out their auditing duties
- (a) In order to assist the Corporate Auditor in carrying out his/her auditing duties, the “Corporate Auditors Dept.,” which has staff members to serve on full time basis, and which is independent of operational divisions, is to be established.
 - (b) The staff belonging to the Corporate Auditors Dept. shall assist the Corporate Auditors in accordance with their instructions.
- (viii) Independence of the employees assigned to assist the Corporate Auditors from the Directors referred to in the preceding paragraph and ensuring effectiveness of the Corporate Auditors’ instructions to the employees
- (a) The employees belonging to the Corporate Auditors Dept. are free from orders or supervision by the Directors.
 - (b) The personal affairs of the employees belonging to the Corporate Auditors Dept. shall be decided through deliberation with the Corporate Auditors.
- (ix) Reporting System to Corporate Auditors
- (a) System for Directors’ and employees’ reporting to Corporate Auditors and system relating to other reporting to Corporate Auditors
 - 1) The Corporate Auditors shall attend the Management Strategy Committee and Management Committee, and the secretary shall furnish minutes of the meetings to Corporate Auditors.
 - 2) Directors and employees shall immediately report to Corporate Auditors in case they find facts which would cause material damages to the Company.
 - 3) As to matters to be reported to Corporate Auditors, Directors and employees shall submit, in a timely and appropriate manner, reports to Corporate Auditors prepared in accordance with the rules of items to be reported and the manner of reporting to be decided after consultation with the Board of Corporate Auditors.
 - 4) Corporate Auditors may require Directors and employees to submit a report whenever Corporate Auditors deem necessary.

(b) System for reporting to Corporate Auditors of the Company by the subsidiaries' Directors, Corporate Auditors, and employees, or persons who received reports from those

1) Directors, Corporate Auditors, and employees of the subsidiaries or persons who received reports from those shall immediately report to Corporate Auditors of the Company in case they find facts which would give material damages to the subsidiaries.

2) As to matters to be reported to Corporate Auditors, the subsidiaries' Directors, Corporate Auditors, and employees or persons who received reports from those shall submit, in a timely and appropriate manner, reports to the Board of Corporate Auditors prepared in accordance with the rules of items to be reported and the manner of reporting to be decided after consultation with the Board of Corporate Auditors.

3) Corporate Auditors may require the subsidiaries' Directors, Corporate Auditors, and employees or persons who received reports from those to submit a report whenever Corporate Auditors deem necessary.

(x) System ensuring those who reported as referred in the preceding paragraph do not receive disadvantageous treatment due to their reports

(a) The Company ensures effectiveness of the system in accordance with "Internal Rules on Operation of Whistle-blowing System" established based on the "Whistleblower Protection Act."

(xi) Procedures for pre-payment or refund of expenses arising from execution of duties by Corporate Auditors and policy on other means of payment of expenses and debts arising from auditing duties;

(a) When the Board of Corporate Auditors requires, the Company shall appropriately and swiftly pay the expenses or debts in order not to disturb execution of duties by Corporate Auditors.

(xii) Other systems ensuring effective auditing by Corporate Auditors

(a) Representative Directors will have meetings with Corporate Auditors as frequently as possible to exchange opinions and to communicate as to operation of the Company other than reporting on business.

(b) Directors shall cooperate with Corporate Auditors so that Corporate Auditors may conduct audit efficiently in cooperation with the Accounting Auditor, the internal audit department and the Corporate Auditors of subsidiaries.

CONSOLIDATED BALANCE SHEET (as of March 31, 2015)

		(Unit: Million Yen)	
<u>ASSETS</u>	1,074,563	<u>LIABILITIES</u>	727,258
CURRENT ASSETS	542,551	CURRENT LIABILITIES	482,848
Cash and Deposits	85,352	Trade Payables	247,656
Trade and Other Receivables	310,972	Short-Term Borrowings	50,302
Lease (Credit & Investment)	82	Current portion of Bonds	10,000
Merchandise and Finished Goods	3,306	Lease Obligations	2,662
Work in Progress	28,241	Accrued Income Taxes	9,942
Raw Materials and Supplies	9,845	Deferred Tax Liabilities	488
Deferred Tax Assets	18,541	Advances from Customers	77,158
Short-Term Loans	55,026	Provision for Product Warranties	8,925
Others	32,919	Provision for Losses on Construction Contracts	17,123
Allowance for Doubtful Accounts	(1,737)	Asset Retirement Obligations	4
		Others	58,585
NON-CURRENT ASSETS	532,012	LONG-TERM LIABILITIES	244,409
PROPERTY, PLANT AND EQUIPMENT	377,725	Corporate Bonds	30,000
Buildings and Structures	60,267	Long-Term Borrowings	98,012
Machinery and Equipment	42,884	Lease Obligations	8,629
Land	257,944	Deferred Tax Liabilities	49,371
Lease Assets	9,534	Net Defined Benefit Liabilities	11,276
Construction in Progress	4,164	Liability for Severance and Retirement benefits for Directors and Corporate Auditors	403
Others	2,930	Asset Retirement Obligations	1,301
INTANGIBLE ASSETS	11,712	Deferred Tax Liabilities on Reevaluation Reserve for Land	21,311
Goodwill	4,958	Others	24,101
Others	6,754	<u>NET ASSETS</u>	347,305
INVESTMENTS, LONG-TERM LOANS AND OTHER ASSETS	142,573	SHAREHOLDERS' EQUITY	200,548
Investment Securities	85,830	Common Stock	44,384
Long-Term Loans	22,287	Capital Surplus	18,247
Deferred Tax Assets	15,056	Retained Earnings	142,677
Others	21,903	Treasury Stock	(4,761)
Allowance for Doubtful Accounts	(2,504)	ACCUMULATED OTHER COMPREHENSIVE INCOME	36,175
		Net Unrealized Holding Gains (Losses) on Securities	14,058
		Unrealized Gains (Losses) on Hedging Derivatives, Net of Tax	(9,718)
		Reevaluation Reserve for Land, Net of Tax	24,777
		Foreign Currency Translation Adjustment, Net of Tax	12,704
		Remeasurements of Defined Benefit Plans	(5,646)
		SUBSCRIPTION RIGHTS TO SHARES	146
		MINORITY INTERESTS	110,435
TOTAL ASSETS	<u>1,074,563</u>	TOTAL LIABILITIES AND NET ASSETS	<u>1,074,563</u>

CONSOLIDATED STATEMENTS OF INCOME

(April 1, 2014 – March 31, 2015)

(Unit: Million Yen)

NET SALES		816,520
Cost of Sales		757,034
GROSS PROFIT		59,485
Selling, General and Administrative Expenses		46,187
OPERATING INCOME		13,298
Non-Operating Income		
Interest Income	2,999	
Dividend Income	1,127	
Equity in Earnings of Affiliates	4,022	
Other Income	2,980	11,130
Non-Operating Expenses		
Interest Expense	2,769	
Amortization of Net Retirement Benefit Obligation at Transition	1,928	
Loss on Valuation of Derivatives	2,823	
Other Expenses	2,009	9,529
ORDINARY INCOME		14,899
Extraordinary Income		
Gain on Disposal of Non-Current Assets	1,029	
Gain on Sales of Investment Securities	136	
Gain on Sales of Stocks of Subsidiaries and Affiliates	1,137	
Gain on Bargain Purchase	4,767	7,071
Extraordinary Loss		
Loss on Disposal of Non-Current Assets	2,076	
Loss on Impairment of Non-Current Assets	2,689	
Loss on Valuation of Investment Securities	0	
Loss on Liquidation of Business	984	
Loss on Liquidation of Subsidiaries and Affiliates	214	5,964
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS		16,006
Income Taxes – Current	12,985	
Income Taxes – Deferred	(6,884)	6,100
Income Before Minority Interests		9,905
Minority Interests		442
NET INCOME		9,463

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

From April 1, 2014 to March 31, 2015

(Unit: Million Yen)

	SHAREHOLDERS' EQUITY				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at beginning of current period	44,384	18,178	136,288	(854)	197,996
Cumulative effects of changes in accounting policies			(1,593)		(1,593)
Restated balance	44,384	18,178	134,694	(854)	196,402
Changes during the Year					
Cash Dividends			(1,655)		(1,655)
Net Income			9,463		9,463
Change of scope of consolidation			(2)		(2)
Purchase of Treasury Stock				(4,025)	(4,025)
Sales of Treasury Stock		69		119	188
Transfer from Reevaluation Reserve for Land, Net of Tax			176		176
Net Changes of Items other than Those in Shareholders' Equity					
Total Changes during the Year	-	69	7,982	(3,906)	4,145
Balance at end of current period	44,384	18,247	142,677	(4,761)	200,548

	ACCUMULATED OTHER COMPREHENSIVE INCOME								
	Net Unrealized Holding Gains (Losses) on Securities	Unrealized Gains (Losses) on Hedging Derivatives, Net of Tax	Reevaluation Reserve for Land, Net of Tax	Foreign Currency Translation Adjustment, Net of Tax	Remeasurements of defined benefit plans	Total Accumulated Other Comprehensive Income	Subscription rights to shares	Minority Interests	TOTAL NET ASSETS
Balance at beginning of current period	7,360	(2,649)	22,515	4,251	(9,035)	22,442	67	103,101	323,608
Cumulative effects of changes in accounting policies								(55)	(1,648)
Restated balance	7,360	(2,649)	22,515	4,251	(9,035)	22,442	67	103,046	321,959
Changes during the Year									
Cash Dividends									(1,655)
Net Income									9,463
Change of scope of consolidation									(2)
Purchase of Treasury Stock									(4,025)
Sales of Treasury Stock									188
Transfer from Reevaluation Reserve for Land, Net of Tax									176
Net Changes of Items other than Those in Shareholders' Equity	6,697	(7,069)	2,261	8,453	3,389	13,732	78	7,388	21,200
Total Changes during the Year	6,697	(7,069)	2,261	8,453	3,389	13,732	78	7,388	25,345
Balance at end of current period	14,058	(9,718)	24,777	12,704	(5,646)	36,175	146	110,435	347,305

BALANCE SHEET (as of March 31, 2015)

(Unit: Million Yen)

<u>ASSETS</u>	<u>454,382</u>	<u>LIABILITIES</u>	<u>327,506</u>
CURRENT ASSETS	177,213	CURRENT LIABILITIES	205,558
Cash and Deposits	21,791	Notes Payable -Trade	19,856
Notes Receivable - Trade	1,497	Accounts Payable - Trade	47,730
Accounts Receivable - Trade	86,183	Short-Term Borrowings	7,210
Finished Goods	2,364	Current Portion of Long-Term Borrowings	20,108
Work in progress	20,550	Current Portion of Bonds	10,000
Raw Materials and Supplies	2,441	Lease Obligations	2,047
Advance Payments - Trade	1,338	Accounts Payable - Other	1,927
Prepaid Expenses	78	Accrued Expenses	11,227
Deferred Tax Assets	9,868	Accrued Income Taxes	99
Short-Term Loans	16,647	Advances from Customers	47,313
Others	15,665	Deposits Received	22,039
Allowance for Doubtful Accounts	(1,214)	Provision for Product Warranties	2,330
NON-CURRENT ASSETS	277,169	Provision for Losses on Construction Contracts	6,848
PROPERTY, PLANT AND EQUIPMENT	131,804	Provision for Losses on Disaster	24
Buildings	13,418	Provision for Environmental Preservation Cost	3,453
Structures	6,197	Others	3,340
Docks and Building Berths	708	LONG-TERM LIABILITIES	121,948
Machinery and Equipment	6,892	Corporate Bonds	30,000
Vessels	0	Long-Term Borrowings	57,494
Vehicles	69	Lease Obligations	5,027
Tools, Furniture and Fixtures	922	Deferred Tax Liabilities on Reevaluation Reserve for Lanc	19,888
Land	96,618	Provision for Losses on Business of Subsidiaries and Affiliates	7,850
Lease Assets	5,523	Asset Retirement Obligations	562
Construction in Progress	1453	Others	1,124
INTANGIBLE ASSETS	1,652	NET ASSETS	126,875
Patent Right	188	SHAREHOLDERS' EQUITY	99,602
Software	1,370	COMMON STOCK	44,384
Others	93	CAPITAL SURPLUS	18,154
INVESTMENTS, LONG-TERM LOANS AND OTHER ASSETS	143,712	Legal Capital Surplus	18,154
Investment Securities	40,101	Other Capital Surplus	0
Stocks of Subsidiaries and Affiliates	73,721	RETAINED EARNINGS	41,825
Investments in Capital	10	Other Retained Earnings	41,825
Investments in Capital of Subsidiaries and Affiliates	4,993	Reserve for Special Depreciation	1,501
Long-Term Loans	300	Reserve for Advanced Depreciation of Non-Current Assets	2,746
Long-Term Loans - Employees	1	Retained Earnings Brought Forward	37,577
Long-Term Loans - Subsidiaries and Affiliates	3,595	TREASURY STOCK	(4,761)
Claims Provable in Bankruptcy, Claims Provable in Rehabilitation and Other	3,966	VALUATION AND TRANSLATION ADJUSTMENTS	27,126
Long-Term Prepaid Expenses	9	Net Unrealized Holding Gains (Losses) on Securities	12,154
Prepaid Pension Cost	16,515	Unrealized Gains (Losses) on Hedging Derivatives, Net of Tax	(2,439)
Deferred Tax Assets	2,880	Reevaluation Reserve for Land, Net of Tax	17,412
Others	1,872	SUBSCRIPTION RIGHTS TO SHARES	146
Allowance for Doubtful Accounts	(4,257)		
<u>TOTAL ASSETS</u>	<u>454,382</u>	<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>454,382</u>

STATEMENTS OF INCOME

(April 1, 2014 – March 31, 2015)

(Unit: Million Yen)

NET SALES		253,343
Cost of Sales		235,804
GROSS PROFIT		17,538
Selling, General and Administrative Expenses		13,960
OPERATING INCOME		3,578
Non-Operating Income		
Interest Income	195	
Dividend Income	7,765	
Other Income	881	8,841
Non-Operating Expenses		
Interest Expense	996	
Interest on Bonds	355	
Amortization of Net Retirement Benefit Obligation at Transition	1,769	
Other Expenses	637	3,759
ORDINARY INCOME		8,661
Extraordinary Income		
Gain on Disposal of Non-Current Assets	22	
Gain on Sales of Investment Securities	21	43
Extraordinary Loss		
Loss on Disposal of Non-Current Assets	182	
Loss on Impairment of Non-Current Assets	1,851	
Provision for Loss on Business of Subsidiaries and Affiliates	7,185	
Provision of Allowance for Doubtful Accounts for Subsidiaries and Affiliates	1,464	
Loss on Valuation of Stocks of Subsidiaries and Affiliates	587	
Loss on Liquidation of Subsidiaries and Affiliates	166	11,437
LOSS BEFORE INCOME TAXES		(2,732)
Income Taxes – Current	(1,446)	
Income Taxes – Deferred	(98)	(1,544)
NET LOSS		(1,187)

STATEMENT OF CHANGES IN NET ASSETS

From April 1, 2014 to March 31, 2015

(Unit: Million Yen)

	SHAREHOLDERS' EQUITY									
	Common Stock	Capital Surplus			Retained Earnings				Treasury Stock	Total Shareholders' Equity
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained earnings			Total Retained Earnings		
					Reserve for Special Depreciation	Reserve for Advanced Depreciation of non-current assets	Retained Earnings Brought Forward			
Balance at beginning of current period	44,384	18,154	—	18,154	1,305	2,808	41,856	45,970	(737)	107,772
Cumulative effects of changes in accounting policies							(1,454)	(1,454)		(1,454)
Restated balance	44,384	18,154	—	18,154	1,305	2,808	40,402	44,515	(737)	106,317
Changes during the Year										
Provision of Reserve for Special Depreciation					382		(382)	—		—
Reversal of Reserve for Special Depreciation					(186)		186	—		—
Provision of Reserve for Advanced Depreciation of non-current assets						148	(148)	—		—
Reversal of Reserve for Advanced Depreciation of non-current assets						(209)	209	—		—
Cash Dividends							(1,655)	(1,655)		(1,655)
Net Loss							(1,187)	(1,187)		(1,187)
Purchase of Treasury Stock									(4,025)	(4,025)
Sales of Treasury Stock			0	0					1	1
Transfer from Reevaluation Reserve for Land, Net of Tax							152	152		152
Net Changes in Items other than Those in Shareholders' Equity										
Total Changes during the Year	—	—	0	0	195	(61)	(2,824)	(2,690)	(4,023)	(6,714)
Balance at end of current period	44,384	18,154	0	18,154	1,501	2,746	37,577	41,825	(4,761)	99,602

	VALUATION AND TRANSLATION ADJUSTMENTS				Subscription rights to shares	TOTAL NET ASSETS
	Net Unrealized Holding Gains (Losses) on Securities	Unrealized Gains (Losses) on Hedging Derivatives, Net of Tax	Reevaluation Reserve for Land, Net of Tax	Total Valuation and Translation Adjustments		
Balance at beginning of current period	7,300	124	15,286	22,711	67	130,551
Cumulative effects of changes in accounting policies						(1,454)
Restated balance	7,300	124	15,286	22,711	67	129,096
Changes during the Year						
Provision of Reserve for Special Depreciation						—
Reversal of Reserve for Special Depreciation						—
Provision of Reserve for Advanced Depreciation of non-current assets						—
Reversal of Reserve for Advanced Depreciation of non-current assets						—
Cash Dividends						(1,655)
Net Loss						(1,187)
Purchase of Treasury Stock						(4,025)
Sales of Treasury Stock						1
Transfer from Reevaluation Reserve for Land, Net of Tax						152
Net Changes in Items other than Those in Shareholders' Equity	4,853	(2,564)	2,126	4,415	78	4,494
Total Changes during the Year	4,853	(2,564)	2,126	4,415	78	(2,220)
Balance at end of current period	12,154	(2,439)	17,412	27,126	146	126,875

(Translation)

Independent Auditor's Report

May 14, 2015

The Board of Directors
Mitsui Engineering & Shipbuilding Co., Ltd.

KPMG AZSA LLC

Teruhiko Tanaka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shigemori Akiyama (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshiaki Takeda (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Mitsui Engineering & Shipbuilding Co., Ltd. as at March 31, 2015 and for the year from April 1, 2014 to March 31, 2015 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Mitsui Engineering & Shipbuilding Co., Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

(Translation)

Independent Auditor's Report

May 14, 2015

The Board of Directors
Mitsui Engineering & Shipbuilding Co., Ltd.

KPMG AZSA LLC

Teruhiko Tanaka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shigemori Akiyama (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshiaki Takeda (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Mitsui Engineering & Shipbuilding Co., Ltd. as at March 31, 2015 and for the year from April 1, 2014 to March 31, 2015 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on

the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Mitsui Engineering & Shipbuilding Co., Ltd. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

The Board of Corporate Auditors' Report (Copy)

(Translation)

REPORT BY THE BOARD OF CORPORATE AUDITORS

This audit report was prepared following discussions based on the audit reports of each Corporate Auditor concerning the conduct of the Directors in the execution of their duties during the Company's fiscal year 2014 (from April 1, 2014 to March 31, 2015). The Board of Corporate Auditors submits its report as follows.

1. Methods and Details of Audits by the Corporate Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors determines auditing policies, schedules and other matters by resolution at Board of Corporate Auditors held on June 26, 2014, each Corporate Auditor conducts audit according to this resolution. In addition, the Board of Corporate Auditors received reports from Directors, and the Accounting Auditor, and others concerning the execution of their duties, and requested explanations when deemed necessary.

In accordance with the auditing policies and division of duties and in conformity with standards for audits by Corporate Auditors, as determined by the Board of Corporate Auditors, each Corporate Auditor worked to gather information and create an effective audit environment by keeping channels of communication open with Directors, the Internal Audit Department, employees and others. At the same time, each Corporate Auditor attended meetings of the Board of Directors and other important management meetings, requested reports from Directors, employees and others concerning the execution of their duties as well as explanations when deemed necessary, and examined important documents supporting decisions and other records and surveyed the status of operations and assets at the Head Office and main offices.

Furthermore, the Board of Corporate Auditors regularly received reports and further explanation as necessary, from Directors, employees and others about the design and operation of the internal control system, which was established based on the Board of Directors resolutions regarding the establishment of an internal control system, pursuant to Article 100, paragraphs 1 and 3 of the Companies Act Enforcement Regulations as essential for ensuring the execution of duties by Directors described in the business report conforms with laws and the Company's Articles of Incorporation and for otherwise ensuring proper business conduct by companies. The Board of Corporate Auditors requested explanations when deemed necessary and Corporate Auditors expressed their opinions.

In addition, the Board of Corporate Auditors regularly received reports and required further explanation as necessary, from KPMG AZSA LLC on internal control system on financial reporting and its audit.

Regarding subsidiaries, the Board of Corporate Auditors keeps channels of communication open and exchanges information with Directors, Corporate Auditors of subsidiaries, visited there and received business reports from subsidiaries when deemed necessary.

Based on the above approach, each Corporate Auditor examined the business report and the accompanying supplemental schedules for the term under review.

Moreover, each Corporate Auditor monitored and verified whether the Accounting Auditor KPMG AZSA LLC, maintained independence and conducted proper audits. At the same time, reports were received from the Accounting Auditor regarding the status of the execution of its duties, and explanations were requested where deemed necessary. The Board of Corporate Auditors also received notification from the Accounting Auditor that it had established a system for ensuring that duties are

performed properly, as prescribed by items in Article 131 of the Ordinance on Accounting of Companies, in accordance with the standards issued by the Business Accounting Council and the rules issued by the Japanese Institute of Certified Public Accountants. Explanations were requested where deemed necessary.

Based on the above approach, the Board of Corporate Auditors examined the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes concerning significant accounting policies and other notes) and the accompanying supplemental schedules of the Company as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of shareholders' equity and the related notes) for the term under review.

2. Audit Results

(1) Results of Audit of Business Reports, etc.

As a result of these activities, we certify that:

- (a) the business report and the accompanying supplemental schedules present the Company's situation correctly in accordance with laws and regulations and the Articles of Incorporation of the Company;
- (b) there was no improper behavior detected on the part of Directors in the conduct of their duties and no grave instances of violations of either applicable laws and regulations or the Articles of Incorporation of the Company; and
- (c) the details of the Board of Directors resolutions concerning the internal control system were appropriate and adequate. Furthermore, there was nothing we must point out regarding the contents of the business report and financial reporting or the performance of duties by Directors in connection with said internal control system.

(2) Results of Audit of Non-Consolidated Financial Statements and the Accompanying Supplemental Schedules

In our opinion, the auditing method and results of KPMG AZSA LLC, the Accounting Auditor, are appropriate and adequate.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the auditing method and results of KPMG AZSA LLC, the Accounting Auditor, are appropriate and adequate.

May 22, 2015

Board of Corporate Auditors
Mitsui Engineering & Shipbuilding Co., Ltd.

Yasuo Irie (Seal)
Full-time Corporate Auditor

Yoshihisa Kitajima (Seal)
Full-time Corporate Auditor

Kazuya Imai (Seal)
Corporate Auditor

Mitsuaki Yahagi (Seal)
Corporate Auditor

(Note) Mr. Kazuya Imai and Mr. Mitsuaki Yahagi are Outside Corporate Auditors provided by Article 2, item 16 and Article 335, paragraph 3 of the Companies Act.

REFERENCE DOCUMENTS FOR GENERAL MEETING OF SHAREHOLDERS

For Agenda Item No. 1: Appropriation of surplus

Return of investment to the shareholders along with aiming the increase in shareholders' equity is the Company's basic policy on distribution of profits. We would like to propose the amount of dividends for the Term-end as follows, taking into account a comprehensive range of factors, including the outlook for future business performance, the strengthening of the Company's financial standing and internal reserves for future business development:

(1) Type of dividend property: cash

(2) Allotment of dividend property to shareholders and total amount thereof:

2 yen per share of common stock of the Company

Total dividends: 1,616,639,500 yen

(3) Effective date of the dividend of surplus: June 29, 2015

For Agenda Item No. 2: Amendment to the Company's Articles of Incorporation

1. Reason of Amendment

- (1) In order to discontinue the Senior Managing Director's position to make it consistent with the present situation, and to make it possible to designate a President and Vice Presidents from Directors or Executive Officers upon the introduction of "Executive Officer System," we propose to make necessary amendments in Article 23 of the present Articles of Incorporation. In addition, we propose to incorporate necessary provisions relating to Executive Officers as Article 29 and move down the clause numbers of subsequent clauses.
- (2) Since the paragraph number relating to provisional election of a substitute corporate executive was changed in accordance with enforcement of the "Act for Partial Revision of the Companies Act" on May 1, 2015, we propose to make necessary amendments in Article 31 of the present Articles of Incorporation.

2. Proposed Amendments

The proposed provisions to be amended are below:

(Underlined portions are those to be amended.)

Present Articles	Proposed Amendment
CHAPTER 4. DIRECTORS AND BOARD OF DIRECTORS 23. (Representative Directors and Directors in Managerial Position) The Board of Directors shall <u>through resolution</u> elect from among its members one or more Representative Directors. The Board of Directors may designate, <u>from Directors</u> , one as each of Chairman of the Board of Directors and President of the Company, one or more as Vice Presidents, <u>Senior Managing Directors</u> and Managing Directors. However, <u>President shall be a Representative Director</u> . 24. to 28. (Omitted)	CHAPTER 4. DIRECTORS AND BOARD OF DIRECTORS <u>AND SO FORTH</u> 23. (Representative Directors and Directors in Managerial Position) The Board of Directors shall <u>by resolution</u> elect from among its members one or more Representative Directors. The Board of Directors may <u>by resolution</u> designate one as each of Chairman of the Board of Directors and President of the Company, and one or more as Vice Presidents and Managing Directors. <u>However, President and Vice Presidents shall be Directors or Executive Officers.</u> 24. to 28. (Unchanged)

<p>(To be newly incorporated)</p>	<p>29. (Executive Officers)</p> <p><u>The Company may by resolution of the Board of Directors designate Executive Officers, assign a portion of the Company's business to each of them, and have them execute it.</u></p>
<p><u>29.</u> to <u>30.</u> (Omitted)</p>	<p><u>30.</u> to <u>31.</u> (Unchanged)</p>
<p><u>31.</u> (Validity of Resolution of Election of a substitute Corporate Auditor)</p> <p>The resolution of election of a Substitute Corporate Auditor according to Article 329, Paragraph <u>2</u> of Companies Act remains valid until the start of the General Shareholders' Meeting for the last business term which ends within 4 years after such resolution.</p>	<p><u>32.</u> (Validity of Resolution of Election of a substitute Corporate Auditor)</p> <p>The resolution of election of a Substitute Corporate Auditor according to Article 329, Paragraph <u>3</u> of Companies Act remains valid until the start of the General Shareholders' Meeting for the last business term which ends within 4 years after such resolution.</p>
<p><u>32.</u> to <u>41.</u> (Omitted)</p>	<p><u>33.</u> to <u>42.</u> (Remain unchanged)</p>

For Agenda Item No. 3: Election of eleven (11) Directors

As the terms of office of all Directors (15 members) are to expire at the conclusion of this General Meeting of Shareholders, we propose to elect eleven (11) members of the Board of Directors. The candidates are as follows:

Candidate No.: Name of the candidate

(Candidate's date of birth / Number of Company's shares owned)

Candidate's career summary, position and area of responsibilities in the Company, and important concurrent position outside the Company

1. Yasuhiko Katoh (May 19, 1947 / 82,000 shares)

April	1973	Entered the Company
April	2004	CEO of Mitsui Babcock Energy Limited
June	2004	Director of the Company, in charge of Mitsui Babcock Energy Limited (resided in the United Kingdom)
December	2006	In charge of special mission
June	2007	President and Representative Director
June	2013	Chairman and Representative Director (to date)

2. Takao Tanaka (April 25, 1950 / 58,000 shares)

April	1973	Entered the Company
June	2005	Deputy Director, Assistant to General Manager of Machinery & Systems Hq.
June	2007	Director, Deputy General Manager of Machinery & Systems Hq. and Research & Development Hq.
June	2009	Managing Director, General Manager of Machinery & Systems Hq.
June	2011	Representative Managing Director, in charge of corporate planning and personnel & general affairs
June	2012	In charge of corporate planning
June	2013	President and Representative Director (to date)
April	2015	CEO (to date)

3. Masafumi Okada (February 18, 1950 / 31,000 shares)

April	1972	Entered the Company
June	2005	Deputy Director, Assistant to General Manager of Ship & Ocean Project Hq. and General Manager of Ship & Ocean Project Sales Dept.
June	2006	Deputy General Manager of Ship & Ocean Project Hq. and General Manager of Chiba Works
June	2007	Director
June	2009	General Manager of Corporate Marketing & Business Coordination Hq.
June	2011	Managing Director, General Manager of Ship & Ocean Project Hq.
June	2013	Vice President and Representative Director (to date) Assistant to President, in charge of corporate management and sales, in charge of auditing, General Manager of Export Control Dept., CCO and CPO
November	2013	Assistant to President, in charge of corporate management and sales, in charge of auditing and Marketing Promotion Dept., General Manager of Export Control Dept., CCO and CPO
April	2014	Assistant to President, in charge of corporate management and sales, in charge of Marketing Promotion Dept., General Manager of Export Control Dept., CCO and CPO
April	2015	Assistant to President, in charge of sales and Marketing Promotion Dept., and General Manager of Export Control Dept. (to date)

4. Takaki Yamamoto (May 22, 1952 / 32,000 shares)

April	1976	Entered the Company
June	2005	General Manager of Personnel Dept.
June	2009	Director, in charge of general affairs and personnel, General Manager of General Affairs Dept.
June	2011	General Manager of Tamano Works
June	2012	In charge of personnel & general affairs and procurement (to date)
June	2013	Managing Director (to date)
April	2014	In charge of auditing and environmental & safety control (to date)
April	2015	CCO (to date)

5. Hiroyuki Komine (January 28, 1952 / 15,000 shares)

April	1978	Entered Mitsui & Co., Ltd.
April	2005	General Manager of Third Projects Development Div., Infrastructure Projects Business Unit
June	2006	General Manager of Second Projects Development Div.
August	2007	Chief Operating Officer of EMEA (Europe, the Middle East, and Africa) Business Unit
April	2008	Associate Director
April	2011	Resigned Mitsui & Co., Ltd.
May	2011	Entered the Company as Deputy Director, Assistant to the General Manager of Corporate Marketing & Business Coordination Hq.
June	2011	Director, General Manager of Corporate Marketing & Business Coordination Hq.
June	2012	General Manager of Engineering Hq. (to date)
April	2014	Managing Director
April	2015	Director and Managing Executive Officer (to date)

6. Shinsuke Minoda (January 15, 1954 / 19,000 shares)

April	1977	Entered the Company
February	2004	General Manager, Management Dept, Machinery Factory, Machinery & Systems Hq.
April	2008	Assistant to General Manger of Machinery Factory
January	2009	General Manager of Business Co-ordination Dept., Machinery Factory
June	2009	General Manager of Planning & Administration Dept., Machinery & Systems Hq. and Manager of IR Dept.
June	2011	Director, General Manager of Machinery & Systems Hq. (to date)
April	2014	Managing Director
April	2015	Director and Managing Executive Officer (to date)

7. Norihisa Fukuda (April 8, 1954 / 18,000 shares)

April	1978	Entered the Company
April	2007	General Manager of Quality Assurance Dept., Chiba Shipyard, Ship & Ocean Project Hq.
May	2008	General Manager of Production Planning Dept., Chiba Shipyard
June	2009	General Manager of Chiba Shipyard
June	2011	Deputy Director
June	2012	Director, Deputy General Manager of Ship & Ocean Project Hq., General Manager of Chiba Works
June	2013	General Manager of Ship & Ocean Project Hq. (to date)
April	2014	Managing Director
April	2015	Director and Managing Executive Officer (to date)

8. Akira Nishihata (May 27, 1955 / 19,000 shares)

April	1980	Entered the Company
July	2001	Manager of Corporate Planning Dept.
April	2007	General Manager of Planning & Co-ordination Dept., Chiba Shipyard, Ship & Ocean Project Hq.
June	2009	General Manager of Planning & Administration Dept., Ship & Ocean Project Hq. and Manager of IR Dept.
March	2011	General Manager of Corporate Planning Dept.
June	2011	Deputy Director
June	2013	Director, in charge of corporate planning (to date)

Important concurrent position outside the Company:

Director, MODEC, Inc.

9. Kiyoshi Nakamura * (January 12, 1953 / 12,000 shares)

April	1975	Entered the Company
September	2004	General Manager of Accounting Dept. and Manager of Accounting Dept., Chiba Works and Manager of IR Dept.
July	2007	General Manager of Accounting Dept., Tamano Works
April	2010	General Manager of Finance Dept.
April	2011	Executive Officer, MODEC, Inc.
June	2011	Deputy Director of the Company
April	2013	General Manager of Finance & Accounting Dept.
April	2014	In charge of finance & accounting and IR (to date)
June	2014	Director (to date)

10. Toru Tokuhisa (April 3, 1952 / 0 shares)

April	1976	Entered the Export-Import Bank of Japan
December	1999	Chief Representative of Representative Office in Washington D.C. of Japan Bank for International Cooperation (JBIC)
October	2002	Deputy Director General of JBIC Institute
July	2004	Director General of Country Economic Analysis Dept., JBIC
October	2005	Resident Executive Director for the Americas
September	2006	Resigned JBIC
October	2006	Executive Vice President and Representative Director, Nusa Tenggara Mining Corp. (to date)
June	2013	Director of the Company (to date)

Important concurrent position outside the Company:

Executive Vice President and Representative Director, Nusa Tenggara Mining Corp.

11. Toshikazu Tanaka* (February 7, 1945 / 20,000 shares)

April	1968	Entered Toyo Koatsu Industries Co., Ltd. (later Mitsui Toatsu Chemicals Inc.)
June	1999	Board Director and General Manager of Phenols Division, Basic Chemicals Business Group of Mitsui Chemicals, Inc.
June	2003	Managing Director and Deputy Business Group President of Basic Chemicals Business Group of Mitsui Chemicals, Inc.
June	2004	Business Group President of Basic Chemicals Business Group
June	2005	Executive Vice President, Business Group President of Basic Chemicals Business Group
April	2007	Responsible for Basic Chemicals Business Group, Corporate Planning Div., Group-Management Promotion Div., Branch Offices and Regional Corporate Offices
June	2009	President & Chief Executive Officer of Mitsui Chemicals, Inc.
April	2014	Member of the Board of Mitsui Chemicals, Inc.
June	2014	Senior Advisor of Mitsui Chemicals, Inc. (to date)

Important concurrent position outside the Company:

Senior Advisor of Mitsui Chemicals, Inc.
Chairperson of Japan Intellectual Property Association

(Notes)

1. “*” indicates a candidate for a new Director.
2. There are no special interests between any of the candidates and the Company.
3. Mr. Toru Tokuhisa and Mr. Toshikazu Tanaka are candidates for Outside Directors.
4. As to the candidate for Outside Director, please see below:

(1) Reasons why the Company nominated Mr. Toru Tokuhisa and Toshikazu Tanaka as Outside Directors are as follows:

1) Mr. Toru Tokuhisa has sufficient experience and knowledge of international finance and overseas investment acquired as an employee of a governmental financial institution and an executive of a company for overseas mining business investment for a long period. Therefore, we propose to reelect him to serve as the Company’s Outside Director to facilitate the Company’s business assessment for overseas business development and risk management.

His term of office will be two years as of the conclusion of this Ordinary General Meeting of Shareholders.

2) Mr. Toshikazu Tanaka has sufficient and overall experience and knowledge of domestic and overseas business operation and corporate management acquired as an executive of a major integrated chemical company for a long period. Therefore, we propose to elect him to serve as the Company’s Outside Director to advise with a broad perspective the overall management of the Company.

(2) Liability Limitation Agreement with the candidate:

Mr. Toru Tokuhisa has entered into an agreement with the Company that limits his liability for damages as set forth in Article 423, paragraph 1 of the Companies Act. The limit on liability for damages under the said agreement is ten (10) million yen or the minimum liability amount provided for by laws and regulations, whichever is higher. Then, in the event that the proposal is approved, the Company intends to continue the agreement that it has entered into with him.

In addition, in the event that the proposal of election of Mr. Toshikazu Tanaka is approved, the Company intends to enter into the same Liability Limitation Agreement with him.

5. The Company has designated Mr. Toru Tokuhisa as an independent director as provided for by Tokyo Stock Exchange regulations, and has reported it to Tokyo Stock Exchange. In the event that the proposal is approved, the Company intends to continue his designation as an independent director.

In addition, the Company has a business connection with Japan Bank for International Cooperation (JBIC), where he was a person who executed business in the past. The affiliate company, 30% of which ownership is held by our consolidated subsidiary, MODEC, Inc., borrows funds for construction of floating production storage and offloading from JBIC and the Company provides a joint guarantee for it with MODEC, Inc. for the amount of money corresponding to the ownership held by MODEC, Inc. (about 405 million U.S. dollars as of March 31, 2015). However, in the light of its nature and amount, it is not at a level of importance that would influence the independence of an Outside Director.

6. Mr. Toshikazu Tanaka satisfies the requirements of an independent director as provided for by Tokyo Stock Exchange regulations. In the event that this proposal is approved, the Company intends to report him as an independent director to Tokyo Stock Exchange.

Further, there is a business connection with respect to sales and purchase of parts and materials of plants between the Company and Mitsui Chemicals, Inc., where he was a person who executed business in the past and now serves as a Senior Advisor. However, the business connection is not at a level of importance that would influence the independence of an Outside Director because in the last fiscal year, the shares of the transaction value between the two companies were less than 0.1% of each of the Company's net sales and sales cost.

In addition, the Company's business connection with respect to payment of a membership fee and participation fees of workshops with Japan Intellectual Property Association, where Mr. Toshikazu Tanaka serves as a Chairperson, is not at a level of importance that would influence the independence of an Outside Director because the amount of money paid was small in the last fiscal year.

EXERCISE OF VOTING RIGHTS ON THE INTERNET, ETC.

Shareholders exercising voting rights on the Internet, etc. are asked to kindly note the following matters.

1. Website for Exercise of Voting Rights

The exercise of voting rights on the Internet is only possible by using a website designated by the Company for voting (<http://www.web54.net>).

Mobile phone terminals are not set up for this purpose.

2. Treatment of Voting

- (1) For those who exercise the voting rights on the Internet, please access the website above by using the voting code and the password written on the voting form and fill in the electronic voting form in accordance with the online instructions.
- (2) A voting deadline is 17:00, June 25, 2015. Please exercise your voting right before this deadline.
- (3) In order to use the website for voting, any fees for connection or communication shall be borne by each shareholder.

3. Security of Passwords

- (1) Passwords are the means by which persons exercising voting rights are confirmed as shareholders. Please secure passwords confidentiality as same as your bank pin codes or seal.
- (2) Please note that if an incorrect password is entered more than a specified number of times, shareholders will be unable to access a main screen. In such case, please follow instructions on a screen.
- (3) Passwords are effective only for this General Meeting of Shareholders.

4. The Following System Specifications are Necessary in Order to Use the Website for Voting

Necessary Conditions for System for voting through the Internet access:

- (1) The computer monitor resolution must be at least 800 x 600 (dots wide by long - SVGA).
- (2) Software Applications:
 - (a) Microsoft® Internet Explorer version 5.01 Service Pack 2 or above must be installed on a computer.
 - (b) Adobe® Acrobat® Reader® version 4.0 or above or Adobe® Reader® version 6.0 or above (Microsoft® and Internet Explorer, Adobe® Acrobat® Reader® and Adobe® Reader®, are registered trade marks, trade marks or product names of respectively Microsoft Corporation and Adobe Systems Incorporated in the U.S. and other countries.)
- (3) If Pop Up Block function is in effect in your web browser and ad-in-tool, please make these functions ineffective (at least temporarily) and permit Cookie function usable in your privacy setting.
- (4) If you cannot access the above Website, there are cases where communications over the Internet are restricted by settings of firewalls or other security measures. Please check the settings of your network access.

5. Enquiries

- (1) For enquiries on operations of your computer concerning the exercise of voting rights on the Internet, please contact the following:

Sumitomo Mitsui Trust and Banking Limited Securities support dedicated line
Phone: 0120 (652) 031 (Toll free only in Japan)
(open: 9 am - 9 pm, excluding Sat, Sun, and national holidays)

- (2) For all other enquiries of a general nature (such as the registered address or registered shareholdings), please contact the following:
- (a) For a shareholder holding a securities account at a securities company, please contact your securities company.
 - (b) For a shareholder not holding a securities account at a securities company (having special account): Sumitomo Mitsui Trust and Banking Limited Securities Administration Center
Phone: 0120 (782) 031 (Toll free only in Japan)
(open: 9 am - 5 pm, excluding Sat, Sun, and national holidays)

6. Use of the Platform for Electronic Exercise of Votes for Institutional Investors

Where institutional investors may, as an alternative to exercising voting rights on the Internet as detailed above, use such platform of ICJ Ltd. as another way of exercising voting rights.