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(Securities Code: 6269)
March 4, 2019

To Our Shareholders with Voting Rights:

Toshiro Miyazaki
President and Chief Executive Officer
MODEC, INC.
3-10, Nihonbashi 2-chome Chuo-ku, Tokyo

**NOTICE OF CONVOCAION OF
THE 33RD ANNUAL GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 33rd Annual General Meeting of Shareholders of MODEC, INC. (the “Company”) to be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing (by mail) or via the Internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:40 p.m. on Tuesday, March 19, 2019.

1. Date and Time: Wednesday, March 20, 2019, at 10:00 a.m.
(The reception desk opens at 9:00 a.m.)

2. Place: CongresSquare Nihonbashi 2F Convention Hall AB
Tokyo Tatemono Nihonbashi Building, 3-13, Nihonbashi 1-chome Chuo-ku,
Tokyo

3. Meeting Agenda:

- Matters to be reported:**
1. Operations Report, Consolidated Financial Statements, and Audit Report concerning Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors for the 33rd Term (from January 1, 2018 to December 31, 2018)
 2. Non-consolidated Financial Statements for the 33rd Term (from January 1, 2018 to December 31, 2018)

Matters to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Partial Amendments to the Articles of Incorporation
Proposal 3: Election of Eleven Directors
Proposal 4: Revision to the Amount of Remuneration for Directors
Proposal 5: Payment of Bonuses to Directors

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1. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 2. In case of voting by proxy, you can exercise your voting rights by appointing one shareholder who has voting rights as your proxy.

* Please note that from this year, no commemorative gift will be provided to shareholders attending the meeting. We would appreciate your kind understanding.

Other Matters Concerning Procedures of Convocation of the Annual General Meeting of Shareholders

1. Disclosures on the Website

Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements as well as Non-Consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements are posted on the Company's website (<https://www.modec.com/jp/>) (Japanese only) pursuant to applicable laws and regulations as well as Article 15 of the Company's Articles of Incorporation, and they are not included in the Appendix to this notice. Accordingly, the Appendix to this notice is a portion of the Consolidated Financial Statements or Non-consolidated Financial Statements which Corporate Auditors audited in preparing an audit report and the Accounting Auditor audited in preparing the Accounting Audit Report.

2. Revisions on the Website

In case of circumstances requiring revisions to the Reference Documents for the General Meeting of Shareholders, Operations Report, Consolidated Financial Statements or Non-consolidated Financial Statements, the revised items will be posted on the Company's website (<https://www.modec.com/>).

Information Concerning the Exercise of Voting Rights for Those Unable to Attend the Meeting

You may exercise your voting rights through either of the following methods:

[Exercise of Voting Rights in Writing]

Please indicate your approval or disapproval of each of the proposals on the enclosed Voting Rights Exercise Form and return it by mail so that it is received by 5:40 p.m. on Tuesday, March 19, 2019. Please note that if there is no indication of your approval or disapproval of any of the proposals on the returned Voting Rights Exercise Form, you will be deemed to have approved each of the proposals.

[Exercise of Voting Rights via the Internet]

Upon reading "Exercise of Voting Rights via the Internet" (Japanese only), please access the website designated by the Company for the purpose of exercising your voting rights (<https://www.web54.net>). Please enter the "vote exercising code" and "password" written on the enclosed Voting Rights Exercise Form and follow the instructions on the screen to enter your approval or disapproval of each of the proposals by 5:40 p.m. on Tuesday, March 19, 2019.

If any voting right is exercised both in writing and via the Internet, the vote that reached the Company at a later timing will be recognized as valid. In the event that both votes arrive on the same day, the vote via the Internet will be recognized as valid.

If you exercise your voting rights more than once via the Internet, the most recent vote will be recognized as valid.

[Guide to a Platform to Exercise Electronic Voting Rights for Institutional Investors]

Institutional investors, who have applied in advance to use the electronic voting platform operated by ICJ, Inc., may use such platform as a method to electronically exercise voting rights at the General Meeting of Shareholders of the Company, in addition to the exercise of voting rights via the Internet described above.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The distribution of stable and consecutive dividends to shareholders while retaining an appropriate amount of internal reserve required for future business development and reinforcement of management base is the Company's basic policy on distribution of profits.

Based on this policy, as well as in light of the Company's performance, management base reinforcement for this fiscal year and future business development, it is proposed that a year-end dividend for this fiscal year be ¥31.25 per share as stated below, consisting of an ordinary dividend of ¥21.25 per share and additional ¥10 per share as a commemorative dividend for the Company's 50th anniversary of the foundation marked on December 26, 2018.

(1) Type of dividend property

Cash

(2) Allocation of dividend property and total amount thereof

¥31.25 per share of common stock of the Company (consisting of an ordinary dividend of ¥21.25 and a commemorative dividend of ¥10)

Total amount of dividends: ¥1,762,722,750

As the Company has already paid an interim dividend of ¥21.25 per share, the annual dividend will be ¥52.50 per share.

(3) Effective date of dividends from surplus

March 22, 2019

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reason for the amendment

- (1) In view of the current status of the Group’s businesses, it is proposed that a business purpose be added in Article 2 (Purpose) of the current Articles of Incorporation with a view to clarifying the Company’s business purposes and in response to future business development and business diversification.
- (2) With a view to strengthening and enhancing management system, it is proposed that the number of Directors set forth in Article 19 (Number of Directors) of the Articles of Incorporation be changed from a maximum of 10 persons to a maximum of 15 persons.
- (3) Amendments concerning liability limitation contract with Directors and Corporate Auditors
Following the enforcement of the “Act Partially Amending the Companies Act” (Act No. 90 of 2014) on May 1, 2015, the Company now may enter into a liability limitation contract with Directors who do not execute business and Corporate Auditors who are not External Corporate Auditors. Accordingly, in order to facilitate the invitation of competent personnel and ensure that they can fully demonstrate their capabilities as expected in their roles, it is proposed that the provisions in Article 29 (Exemption of Liability of Directors) and Article 39 (Exemption of Liability of Corporate Auditors) of the Articles of Incorporation be amended.
The proposed amendment to Article 29 has been approved by all Corporate Auditors.
- (4) Substitute Corporate Auditor
To prepare for a contingency in which the number of Corporate Auditors falls short of such number stipulated by laws and regulations, we propose establishing new provisions concerning Substitute Corporate Auditors, defining the effective period of the resolution for the election of a Substitute Corporate Auditor, and setting forth the term of office of a Corporate Auditor assumed by a Substitute Corporate Auditor.
- (5) We propose renumbering certain Articles in line with the amendments mentioned above and make other necessary amendments.

2. Details of the amendments

The details of the amendments are as follows.

(The underlined parts are those that will be amended.)

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER I. GENERAL PROVISIONS</p> <p>Article 2. (Purpose) The purpose of the Company shall be to engage in the following businesses: (1) – (6) (Article text omitted) (Newly established)</p> <p><u>(7)</u> Any matters incidental or relating to the business activities listed in the preceding items.</p> <p>CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 19. (Number of Directors) The Company shall have no more than <u>ten (10)</u> Directors.</p> <p>Article 29. (Exemption of Liability of Directors) (Article text omitted)</p>	<p>CHAPTER I. GENERAL PROVISIONS</p> <p>Article 2. (Purpose) (Same as current)</p> <p>(1) – (6) (Same as current) <u>(7) Businesses related to desalination of seawater, etc. and water supply; and</u> <u>(8)</u> Any matters incidental or relating to the businesses listed in the preceding items.</p> <p>CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 19. (Number of Directors) The Company shall have no more than <u>fifteen (15)</u> Directors.</p> <p>Article 29. (Exemption of Liability of Directors) (Same as current)</p>

Current Articles of Incorporation	Proposed Amendments
<p>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into a contract with each of the <u>External Directors</u> to the effect that any liability for damages of such <u>External Director</u> arising from negligence in the performance of his/her duties shall be limited to the amount set by laws and regulations.</p> <p>CHAPTER V. CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</p> <p>Article 31. (Election of Corporate Auditors) (Article text omitted)</p> <p>2. (Article text omitted) (Newly established)</p> <p>(Newly established)</p> <p>Article 32. (Term of Office of Substitute Corporate Auditors) (Article text omitted)</p> <p>2. The term of office of a Corporate Auditor elected to fill a vacancy left by a Corporate Auditor retiring prior to the expiration of his/her term shall be the remaining term of office of the retired Corporate Auditor.</p> <p>Article 39. (Exemption of Liability of Corporate Auditors) (Article text omitted)</p> <p>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into a contract with each of the <u>External Corporate Auditors</u> to the effect that any liability for damages of such an <u>External Corporate Auditor</u> arising from negligence in the performance of his/her duties shall be limited to the amount set by laws and regulations.</p>	<p>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into a contract with each of the <u>Directors (excluding those serving as Executive Directors, etc.)</u> to the effect that any liability for damages of such <u>Director</u> arising from negligence in the performance of his/her duties shall be limited to the amount set by laws and regulations.</p> <p>CHAPTER V. CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</p> <p>Article 31. (Election of Corporate Auditors) (Same as current)</p> <p>2. (Same as current)</p> <p><u>3. Pursuant to the provisions of Article 329, Paragraph 3 of the Companies Act, the Company may elect Substitute Corporate Auditors at a General Meeting of Shareholders to prepare for a contingency in which the number of Corporate Auditors falls short of such number stipulated by laws and regulations.</u></p> <p><u>4. The effective term of the resolution for election of a Substitute Corporate Auditor under the preceding paragraph shall expire at the beginning of the Annual General Meeting of Shareholders relating to the last fiscal year ending within four (4) years from such resolution.</u></p> <p>Article 32. (Term of Office of Substitute Corporate Auditors) (Same as current)</p> <p>2. The term of office of a Corporate Auditor elected to fill a vacancy left by a Corporate Auditor retiring prior to the expiration of his/her term shall be the remaining term of office of the retired Corporate Auditor. <u>However, in case that a Substitute Corporate Auditor elected under Paragraph 3 of the preceding Article assumes the office of Corporate Auditor, his/her term of office shall not exceed the conclusion of an Annual General Meeting of Shareholders relating to the last fiscal year ending within four (4) years from such election as a Substitute Corporate Auditor.</u></p> <p>Article 39. (Exemption of Liability of Corporate Auditors) (Same as current)</p> <p>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into a contract with each of the <u>Corporate Auditors</u> to the effect that any liability for damages of such a <u>Corporate Auditor</u> arising from negligence in the performance of his/her duties shall be limited to the amount set by laws and regulations.</p>

Proposal 3: Election of Eleven Directors

The terms of office of all the nine current Directors will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, the election of eleven Directors is proposed, including six External Directors as well as an increase of two additional Directors, conditional upon approval of Proposal 2 “Partial Amendments to the Articles of Incorporation” in its original form, with a view to strengthening the Board of Directors’ effectiveness and function of supervision over business execution for the further enhancement of corporate governance.

The candidates for Directors are as stated below.

No.	Name	Current positions at the Company	Attendance of the Board of Directors meetings in FY2018
1	Toshiro Miyazaki <u>Reappointment</u>	President and Chief Executive Officer	18 / 18 (100%)
2	Yuji Kozai <u>Reappointment</u>	Director	14 / 14 (100%)
3	Takeshi Kanamori <u>Reappointment</u>	Director Executive Vice President	14 / 14 (100%)
4	Minoru Sawada <u>Reappointment</u>	Director Executive Officer, General Manager of Corporate Planning & Strategies Dept.	18 / 18 (100%)
5	Taketsune Matsumura <u>Reappointment</u>	Director	14 / 14 (100%)
6	Kazumasa Nakai <u>New appointment</u> <u>External Director</u>	–	–
7	Katsuya Natori <u>Reappointment</u> <u>External Director</u> <u>Independent Director</u>	External Director	18 / 18 (100%)
8	Shigenobu Aikyo <u>Reappointment</u> <u>External Director</u> <u>Independent Director</u>	External Director	18 / 18 (100%)
9	Hiroshi Kanno <u>Reappointment</u> <u>External Director</u> <u>Independent Director</u>	External Director	17 / 18 (94%)
10	Hiroko Noda <u>New appointment</u> <u>External Director</u> <u>Independent Director</u>	–	–
11	Kazuko Shiraishi <u>New appointment</u> <u>External Director</u> <u>Independent Director</u>	–	–

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
1	Toshiro Miyazaki (August 21, 1949) <u>Reappointment</u>	<p>April 1972 Joined Mitsui Engineering & Shipbuilding Co., Ltd. October 2002 General Manager of Corporate Planning Dept., Mitsui Engineering & Shipbuilding Co., Ltd. March 2005 Corporate Auditor (part-time) of the Company June 2005 Deputy Director, General Manager of Corporate Planning Dept. and General Manager of Asset Utilization Sect., Mitsui Engineering & Shipbuilding Co., Ltd. June 2007 Director, in charge of Finance Dept., Accounting Dept. and IR & Public Relations, Mitsui Engineering & Shipbuilding Co., Ltd. March 2008 Director of the Company March 2011 President and Chief Executive Officer of the Company (current position)</p>	27,200
<p>Reasons for selection as a Director candidate Mr. Toshiro Miyazaki has been successively selected as a candidate for Director, as he possesses great management ability obtained through his diverse business career including corporate planning, finance and accounting, also he has been successfully demonstrating his leadership as President and Chief Executive Officer of the Company in the overall management of the MODEC Group.</p>			
2	Yuji Kozai (February 10, 1960) <u>Reappointment</u>	<p>April 1982 Joined Mitsui Engineering & Shipbuilding Co., Ltd. June 2005 General Manager of Diesel Design Dept., Machinery Factory, Machinery & Systems Hq., Mitsui Engineering & Shipbuilding Co., Ltd. July 2007 General Manager of Production Planning Dept., Machinery Factory, Machinery & Systems Hq., Mitsui Engineering & Shipbuilding Co., Ltd. January 2011 General Manager of Quality Assurance Dept., Machinery Factory, Machinery & Systems Hq., Mitsui Engineering & Shipbuilding Co., Ltd. June 2013 General Manager of Corporate Planning Dept., Mitsui Engineering & Shipbuilding Co., Ltd. April 2015 Executive Officer, General Manager of Corporate Planning Dept., Mitsui Engineering & Shipbuilding Co., Ltd. October 2016 Executive Officer, Deputy General Manager of Corporate Planning Hq., General Manager of Corporate Planning Dept., Corporate Planning Hq., Mitsui Engineering & Shipbuilding Co., Ltd. March 2018 Director of the Company (current position) April 2018 General Manager of Corporate Planning Dept., Mitsui E&S Holdings Co., Ltd. (current position) June 2018 Director, Mitsui E&S Holdings Co., Ltd. (current position) March 2019 Expected to retire from Mitsui E&S Holdings Co., Ltd.</p>	0
<p>Reasons for selection as a Director candidate Mr. Yuji Kozai has been successively selected as a candidate for Director, as he has acquired knowledge and experience related to the Company's business as well as a wide range of experience and deep insight in corporate management, which are expected to be leveraged in the overall management of the Company. Mr. Yuji Kozai concurrently serves as Director of the Company's parent, Mitsui E&S Holdings Co., Ltd.</p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
3	Takeshi Kanamori (September 7, 1956) <u>Reappointment</u>	<p>April 1980 Joined Mitsui & Co., Ltd.</p> <p>October 2005 General Manager of First Plant Projects Division, Infrastructure Projects Business Unit, Mitsui & Co., Ltd.</p> <p>August 2007 General Manager of Second Projects Development Division, Infrastructure Projects Business Unit, Mitsui & Co., Ltd.</p> <p>October 2009 Operating Officer of Infrastructure Projects Business Unit, Mitsui & Co., Ltd.</p> <p>March 2010 Chairman & Managing Director, Mitsui & Co. (Shanghai) Ltd.</p> <p>April 2011 Managing Officer, Mitsui & Co., Ltd. Deputy Chief Representative, Mitsui & Co., Ltd. in China and Chairman & Managing Director, Mitsui & Co. (Shanghai) Ltd.</p> <p>April 2012 Executive Officer, Chief Operating Officer of Infrastructure Projects Business Unit, Mitsui & Co., Ltd.</p> <p>March 2013 External Director of the Company</p> <p>April 2013 Executive Managing Officer, Chief Operating Officer of Infrastructure Projects Business Unit, Mitsui & Co., Ltd.</p> <p>April 2016 Senior Executive Managing Officer, Mitsui & Co., Ltd. Chief Representative, Mitsui & Co., Ltd. in China and Chairman & Managing Director, Mitsui & Co., Ltd. In China</p> <p>March 2018 Director, Executive Vice President of the Company (current position)</p>	600
<p>Reasons for selection as a Director candidate</p> <p>Mr. Takeshi Kanamori has been successively selected as a candidate for Director, as he has acquired abundant experience as a member of the management of the general trading company, supervised the overall business execution of the Company, and has been in charge of Human Resources, Compliance, Health, Safety, Environment, and Quality Management Departments, etc.</p>			
4	Minoru Sawada (August 12, 1960) <u>Reappointment</u>	<p>April 1983 Joined Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>April 2011 General Manager of Planning & Administration Dept., Environment & Plant Hq., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>June 2012 General Manager of Planning & Administration Dept., Engineering Hq., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>April 2013 General Manager of Procurement Dept., Engineering Hq., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>October 2014 General Manager of Project Management Dept., Engineering Hq., Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>April 2015 Deputy Director, Mitsui Engineering & Shipbuilding Co., Ltd.</p> <p>October 2015 Deputy Director of the Company</p> <p>March 2016 Director, Executive Officer, General Manager of Corporate Planning & Strategies Dept. of the Company (current position)</p>	4,100
<p>Reasons for selection as a Director candidate</p> <p>Mr. Minoru Sawada has been successively selected as a candidate for Director, as he has acquired a wide range of knowledge and practical experience related to corporate planning and coordination through his duties in the operating divisions of the Company's parent company, as well as having been in charge of the Company's Corporate Planning and Strategies, General Affairs, Best Practice Promotion, IT management divisions and supervising affiliated companies.</p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
5	Taketsune Matsumura (May 25, 1967) <u>Reappointment</u>	<p>April 1991 Joined Mitsui Engineering & Shipbuilding Co., Ltd. April 1999 Part-time Lecturer, Tokai University (current position) April 2010 Part-time Lecturer, Yokohama National University April 2015 General Manager of Basic Design Dept., Ship & Ocean Project Hq., Mitsui Engineering & Shipbuilding Co., Ltd. April 2017 Thesis Screening Committee Member, The Japan Society of Naval Architects and Ocean Engineers (current position) February 2018 General Manager of Strategic Planning Sect., Corporate Planning Dept., Corporate Planning Hq. and Manager of IR Dept., Mitsui Engineering & Shipbuilding Co., Ltd. March 2018 Director of the Company (current position) April 2018 General Manager of Strategic Planning Sect., Corporate Planning Dept., Mitsui E&S Holdings Co., Ltd. (current position)</p> <p>Reasons for selection as a Director candidate Mr. Taketsune Matsumura has been successively selected as a candidate for Director, as he is judged to be able to continue to provide advice on the overall management of the Company, based on his knowledge and experience related to the Company's business as well as a wide range of experience and deep insight in corporate management.</p>	0
6	Kazumasa Nakai (August 29, 1963) <u>New appointment</u> <u>External Director</u>	<p>April 1987 Joined Mitsui & Co., Ltd. December 2005 General Manager of Project Sect., New York Office, MITSUI & CO. (U.S.A.), INC. July 2009 Deputy Manager of Third Projects Development Division, Infrastructure Projects Business Unit, Mitsui & Co., Ltd. April 2012 General Manager of Third Projects Development Division, Infrastructure Projects Business Unit, Mitsui & Co., Ltd. April 2015 General Manager of First Projects Development Division, Infrastructure Projects Business Unit, Mitsui & Co., Ltd. October 2017 Operating Officer of Nutrition & Agriculture Business Unit, Mitsui & Co., Ltd. (current position)</p> <p>Reasons for selection as an External Director candidate Mr. Kazumasa Nakai has been newly selected as a candidate for External Director, as he is judged to be capable of advising the overall management of the Company, based on his wide range of business experience at the general trading company as well as practical knowledge related to the Company's business.</p>	0

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
7	Katsuya Natori (May 15, 1959) <u>Reappointment</u> <u>External Director</u> <u>Independent Director</u>	April 1986 Registered as an attorney, joined Masuda and Ejiri Law Office (currently Nishimura & Asahi) June 1990 Joined Davis Wright Tremaine LLP (Seattle, U.S.) July 1992 Joined Wilmer, Cutler & Pickering (Washington D.C., U.S.) July 1993 Joined Esso Sekiyu K.K. January 1995 Joined Apple Japan, Inc. January 1998 Director, Sun Microsystems K.K. March 2002 Executive Officer, FAST RETAILING CO., LTD. January 2004 Director, VP, IBM Japan, Ltd. April 2010 VP, IBM Japan, Ltd. February 2012 Founded Natori Law Office Chief, Natori Law Office (current position) April 2012 Outside Audit & Supervisory Board Member, OLYMPUS CORPORATION (current position) March 2015 External Director of the Company (current position) April 2016 Supervisory Director, Global One Real Estate Investment Corporation (current position)	900
		Reasons for selection as an External Director candidate Mr. Katsuya Natori has been successively selected as a candidate for External Director, as he is judged to be able to continue to provide advice on the overall management of the Company, based on a wealth of experience and broad insight as a corporate manager and as an attorney gained through his domestic and overseas business experience over the years. If election of Mr. Katsuya Natori is approved, the Company intends to appoint him as Independent Director as prescribed by the Tokyo Stock Exchange.	

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
8	Shigenobu Aikyo (October 1, 1949) <u>Reappointment</u> <u>External Director</u> <u>Independent Director</u>	April 1972 Joined Sumitomo Bank (currently Sumitomo Mitsui Banking Corporation) June 1999 Executive Officer, Head of Human Resources Dept., Sumitomo Bank April 2001 Executive Officer, Head of Corporate Management Dept., Sumitomo Mitsui Banking Corporation June 2003 Managing Executive Officer, Head of Tokyo Corporate Banking Division I, Sumitomo Mitsui Banking Corporation June 2005 Managing Director and Managing Executive Officer, Sumitomo Mitsui Banking Corporation April 2006 Senior Managing Director, Sumitomo Mitsui Banking Corporation Senior Managing Director (Executive Officer), Sumitomo Mitsui Financial Group, Inc. April 2007 Deputy President, Head of Corporate Banking Unit, Sumitomo Mitsui Banking Corporation April 2010 Chairman and Representative Director, Nikko Cordial Securities Inc. April 2011 Chairman and Representative Director, SMBC Nikko Securities Inc. April 2015 Advisor, SMBC Nikko Securities Inc. June 2015 External Director, HASHIMOTO SOGYO HOLDINGS Ltd. (current position) March 2016 External Director of the Company (current position) June 2016 External Director, Sanyo Chemical Industries, Ltd. (current position) June 2016 External Director, DAIHEN Corporation (current position) June 2016 Outside Director, SCSK Corporation June 2016 External Director, NICHICON CORPORATION (current position)	1,000
		Reasons for selection as an External Director candidate Mr. Shigenobu Aikyo has been successively selected as a candidate for External Director, as he is judged to be capable of advising the overall management of the Company from a broad perspective, based on his extensive knowledge regarding finance and management gained through his longtime involvement in the management of financial institutions. If election of Mr. Shigenobu Aikyo is approved, the Company intends to appoint him as Independent Director as prescribed by the Tokyo Stock Exchange.	

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
9	Hiroshi Kanno (November 14, 1958) <u>Reappointment</u> <u>External Director</u> <u>Independent Director</u>	<p>April 1983 Joined Nikken Sekkei Ltd</p> <p>August 1991 Joined The Boston Consulting Group Partner and Managing Director, the last position at The Boston Consulting Group</p> <p>July 2008 Professor, Hitotsubashi University Graduate School of International Corporate Strategy</p> <p>June 2011 External Director, Omron Healthcare, Co., Ltd. (current position)</p> <p>April 2012 Dean, Hitotsubashi University Graduate School of International Corporate Strategy</p> <p>October 2012 Outside Director, Japan Display Inc.</p> <p>June 2014 External Director, WOWOW INC. (current position)</p> <p>June 2015 Outside Audit and Supervisory Board Member, STANLEY ELECTRIC CO., LTD. (current position)</p> <p>March 2016 External Director of the Company (current position)</p> <p>September 2016 Professor, Waseda Business School (Graduate School of Business and Finance) (current position)</p> <p>August 2017 Outside Director of ERI HOLDINGS CO., LTD. (current position)</p> <p>Reasons for selection as an External Director candidate Mr. Hiroshi Kanno has been successively selected as a candidate for External Director, as he is judged to be able to continue to provide advice on the overall management of the Company, based on abundant experience as a business management consultant and professional insights as a researcher on business strategy planning. If election of Mr. Hiroshi Kanno is approved, the Company intends to appoint him as Independent Director as prescribed by the Tokyo Stock Exchange.</p>	0
10	Hiroko Noda (July 3, 1960) <u>New appointment</u> <u>External Director</u> <u>Independent Director</u>	<p>April 1987 Joined Minato Audit Corporation (currently KPMG AZSA LLC)</p> <p>August 1987 Joined Prudential Securities Incorporated</p> <p>March 1990 Founded Noda Certified Public Accountant Office Representative, Noda Certified Public Accountant Office (current position)</p> <p>August 1992 Joined Banque Indosuez S.A. (currently Crédit Agricole Corporate and Investment Bank and Crédit Agricole Securities Asia BV)</p> <p>June 2000 Joined Canadian Bank of Commerce Accounting Manager of Tokyo Branch, Canadian Bank of Commerce and Tokyo Branch, CIBC Securities Inc.</p> <p>July 2006 Joined Busicom Co., Ltd.</p> <p>September 2007 Representative Director, Prominent Consulting Co., Ltd.</p> <p>May 2010 Founded Probity Consulting Co., Ltd. Representative Director, Probity Consulting Co., Ltd. (current position)</p> <p>April 2014 Part-time Lecturer, Graduate School of Asian and International Business Strategy, Asia University (current position)</p> <p>Reasons for selection as an External Director candidate Ms. Hiroko Noda has been newly selected as a candidate for External Director, as she is judged to be capable of supervising and advising the overall management of the Company from an objective standpoint, based on her years of experience in the field of international finance as well as broad insights as a business management consultant. If election of Ms. Hiroko Noda is approved, the Company intends to appoint her as Independent Director as prescribed by the Tokyo Stock Exchange.</p>	0

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
11	Kazuko Shiraishi (August 18, 1951) <u>New appointment</u> <u>External Director</u> <u>Independent Director</u>	<p>April 1974 Joined Ministry of Foreign Affairs of Japan</p> <p>February 2001 Consul General, Consulate-General of Japan in Atlanta</p> <p>June 2003 General Manager, International Economic Treaty Office, Treaty Bureau, Ministry of Foreign Affairs</p> <p>September 2004 Policy Coordinator, Foreign Policy Bureau, Ministry of Foreign Affairs</p> <p>October 2005 General Manager, WTO Dispute Settlement Division, Economic Affairs Bureau, Ministry of Foreign Affairs</p> <p>April 2007 Councilor, Embassy of Japan in Poland</p> <p>January 2012 Ambassador Extraordinary and Plenipotentiary to Lithuania</p> <p>June 2015 Ambassador (for Women, Human Rights and Humanitarian Affairs and in charge of Arctic Affairs)</p> <p>June 2016 Ambassador (in charge of Arctic Affairs), Ministry of Foreign Affairs</p> <p>October 2016 Conciliation Commissioner, Tokyo Family Court (current position)</p> <p>June 2017 Term of office of Ambassador, Ministry of Foreign Affairs expired</p> <p>December 2017 Special Envoy for EXPO 2025 OSAKA, KANSAI, JAPAN</p> <p>June 2018 Director (Audit and Supervisory Committee Member), SCSK Corporation (current position)</p> <p>Reasons for selection as an External Director candidate Ms. Kazuko Shiraishi has been newly selected as a candidate for External Director, as she is judged to be capable of supervising and advising the overall management of the Company from an objective standpoint, based on her wealth of experience related to international affairs and broad insight she gained through her career to date. If election of Ms. Kazuko Shiraishi is approved, the Company intends to appoint her as Independent Director as prescribed by the Tokyo Stock Exchange.</p>	0

(Notes) 1. Mitsui E&S Holdings Co., Ltd. is the Company's parent company. The positions and responsibilities at the parent company of the candidates who currently serve or had served during the past five years as executives at Mitsui E&S Holdings Co., Ltd. are stated in the above "Career summary, positions and responsibilities at the Company, and significant concurrent positions."

Other candidates for Directors have no special interest in the Company.

2. The terms of office of the current External Directors as the Company's External Director will be four years for Mr. Katsuya Natori and three years for Messrs. Shigenobu Aikyo and Hiroshi Kanno as of the conclusion of this General Meeting of Shareholders.

3. Liability limitation contract with the Directors (excluding those serving as Executive Directors, etc.)

The Company has entered into contracts with Messrs. Katsuya Natori, Shigenobu Aikyo and Hiroshi Kanno to limit their liabilities for compensation of damages prescribed in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability under the contracts shall be the minimum amount prescribed in Article 425, Paragraph 1 of the said Act. If this Proposal is approved, the Company intends to renew the liability limitation contracts with them and newly enter into contracts of the same content with Mr. Kazumasa Nakai and Ms. Hiroko Noda and Kazuko Shiraishi. In addition, if Proposal 2 Partial Amendments to the Articles of Incorporation is approved, the Company intends to newly enter into a contract with the same content with Mr. Taketsune Matsumura.

Proposal 4: Revision to the Amount of Remuneration for Directors

The Company, at the 27th Annual General Meeting of Shareholders held on March 28, 2013, has obtained approval for the amount of remuneration for Directors as “¥300 million or less per annum,” however, in view of changes in economic conditions thereafter and in order to reinforce the management structure, the Company proposed that the maximum number of Directors be changed from 10 to 15 in Proposal 2, and that the number of Directors be increased by two in Proposal 3. Accordingly, it is proposed that the amount of remuneration for Directors be revised to “¥400 million or less per annum (including remuneration of ¥65 million or less per annum for External Directors).”

In addition, as in the past, the amount of remuneration for Directors shall not include salaries for their services in the capacity of employees, as well as the amount of stock-based remuneration, etc. for Directors (¥135 million in approximately five years), which was approved at the 32nd Annual General Meeting of Shareholders held on March 23, 2018.

Currently, the number of Directors is nine (including four External Directors). If Proposal 3 is approved as originally proposed, the number of Directors will be eleven (including six External Directors).

Proposal 5: Payment of Bonuses to Directors

In view of the Company’s performance for this fiscal year, it is proposed that bonuses of up to ¥35 million in total be paid to three Directors (excluding External Directors) who were in office as of December 31, 2018.

[Appendix]

Operations Report (from January 1, 2018 to December 31, 2018)

Overview and Results of Operations

During for the consolidated fiscal year ended December 31, 2018, the Japanese economy was on a gradual recovery trend, reflecting the upward trend in capital investment due to the improvement in corporate earnings, as well as improvement in conditions for employment and income. The global economy remained firm in general with sustained recoveries mainly in Europe and the United States, despite concerns about economic slowdown due to the escalation of trade friction between the United States and China.

WTI oil prices that had temporarily soared to the level of 70 dollars per barrel due to concerns over undersupply stemming from the U.S. sanctions against Iran calmed down to the level of around 50 dollars per barrel at the end of the year as supply and demand forecast softened. In these circumstances, many offshore oil exploration and development projects are being planned. Accordingly, business environment related to floating production systems, the Group's mainstay business, is favorable and future growth is expected.

Under these circumstances, for the consolidated fiscal year ended December 31, 2018, orders resulted in ¥253,651 million (down 63.8% year on year) mainly due to new orders for large charter projects as well as a change to the specification for existing projects and O&M services. Revenue was ¥221,909 million (up 16.1%) due to steady progress in construction of FPSOs.

In terms of profit, operating profit stood at ¥14,928 million (up 30.4%) due to steady progress in construction of FPSOs and realization of unrealized profit. Ordinary profit came to ¥28,779 million (up 18.3%) including interest income and equity in earnings of affiliates and unconsolidated subsidiaries.

As a result, profit attributable to owners of parent was ¥21,891 million (up 12.5%).

Financial Statements

Consolidated Balance Sheet

(December 31, 2018)

(Millions of Japanese yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	211,734	Current liabilities	144,060
Cash and time deposits	51,215	Accounts payable - trade	97,680
Accounts receivable - trade	95,065	Current portion of long-term loans payable	6,142
Inventories	5,405	Lease obligations	12
Short-term loans receivable	43,021	Accrued expenses	15,507
Deferred tax assets	149	Income taxes payable	7,219
Other current assets	17,614	Advances received	9,981
Less - allowance for bad debts	(738)	Accrued employees' bonuses	45
		Accrued directors' bonuses	19
Non-current assets	131,611	Provision for product warranty	5,937
Property and equipment	2,543	Provision for repairs	5
Buildings and structures	70	Other provisions	46
Machinery and equipment	998	Other current liabilities	1,462
Other property and equipment	1,475		
		Non-current liabilities	34,470
Intangible assets	9,260	Long-term loans payable	24,889
Goodwill	1,024	Lease obligations	36
Other	8,235	Net defined benefit liabilities	347
		Deferred tax liabilities	320
Investments and other assets	119,806	Liabilities from application of equity method	2,096
Investment securities	71,458	Other provisions	397
Long-term loans receivable from unconsolidated subsidiaries and affiliated companies	36,947	Other non-current liabilities	6,383
Deferred tax assets	3,196		
Other investments	8,203	Total liabilities	178,531
		(Net assets)	
		Shareholders' equity	154,446
		Common stock	30,122
		Capital surplus	30,851
		Retained earnings	93,571
		Less - treasury stock at cost	(99)
		Accumulated gains (losses) from valuation	(1,781)
		Unrealized gains (losses) on hedging derivative, net of tax	(6,864)
		Foreign currency translation adjustments	5,740
		Retirement liability adjustments for foreign consolidated subsidiaries, net of tax	(656)
		Non-controlling interests	12,148
		Total net assets	164,814
Total assets	343,345	Total liabilities and net assets	343,345

(Note) The figures are rounded down to the nearest million yen.

Consolidated Statement of Income

(For year ended December 31, 2018)

(Millions of Japanese yen)

Description	Amount	
Revenue		221,909
Cost of sales		195,351
Gross profit		26,557
Selling, general and administrative expenses		11,628
Operating profit		14,928
Non-operating income		
Interest and dividend income	6,107	
Equity in earnings of affiliates and unconsolidated subsidiaries	9,841	
Other	342	16,291
Non-operating expenses		
Interest expense	926	
Foreign exchange gains (losses), net	1,038	
Other	475	2,440
Ordinary profit		28,779
Income before income taxes		28,779
Income taxes - current		5,032
Income taxes - prior		33
Income taxes - deferred		1,164
Net income		22,549
Profit attributable to non-controlling interests		658
Profit attributable to owners of parent		21,891

Non-Consolidated Balance Sheet

(December 31, 2018)

(Millions of Japanese yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	133,939	Current liabilities	116,941
Cash and time deposits	20,664	Accounts payable - trade	66,336
Accounts receivable - trade	53,448	Current portion of long-term loans payable	5,432
Work in process	16	Lease obligations	12
Advance payments - trade	24	Accounts payable - other	1,544
Prepaid expenses	1,301	Accrued expenses	343
Short-term loans receivable	55,789	Advances received	653
Accrued income	461	Deposits received	903
Other current assets	2,509	CMS deposits received	41,400
Less - allowance for bad debts	(276)	Accrued employees' bonuses	7
		Accrued directors' bonuses	19
Non-current assets	98,017	Other provisions	5
Property and equipment	131	Other current liabilities	281
Buildings, net	70		
Tools, furniture and fixtures, net	15	Non-current liabilities	24,337
Leased assets, net	44	Long-term loans payable	23,609
		Lease obligations	36
Intangible assets	18	Provision for retirement benefits	347
Software	18	Other provisions	14
		Deferred tax liabilities	6
		Other non-current liabilities	323
Investments and other assets	97,868	Total liabilities	141,278
Investment securities	0	(Net assets)	
Investment in subsidiaries and affiliates	86,564	Shareholders' equity	91,276
Long-term loans receivable from unconsolidated subsidiaries and affiliated companies	8,364	Common stock	30,122
Other investments	2,939	Capital surplus	30,852
		Legal capital surplus	30,852
		Retained earnings	30,400
		Legal retained earnings	68
		Other retained earnings	30,332
		Retained earnings brought forward	30,332
		Less-treasury stock at cost	(99)
		Valuation and translation adjustments	(598)
		Unrealized gains (losses) on hedging derivative, net of tax	(598)
		Total net assets	90,678
Total assets	231,957	Total liabilities and net assets	231,957

Non-Consolidated Statement of Income

(For year ended December 31, 2018)

(Millions of Japanese yen)

Description	Amount	
Revenue		106,386
Cost of sales		93,715
Gross profit		12,671
Selling, general and administrative expenses		6,606
Operating profit		6,064
Non-operating income		
Interest and dividend income	7,889	
Other	282	8,171
Non-operating expenses		
Interest expense	1,642	
Foreign exchange loss	322	
Loss on valuation of derivatives	236	
Other	128	2,331
Ordinary profit		11,905
Income before income taxes		11,905
Income taxes - current		(25)
Net income		11,931