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June 7, 2011

Yasuhiko Katoh

President

Mitsui Engineering & Shipbuilding Co., Ltd.

6-4, Tsukiji 5-chome, Chuo-Ku, Tokyo

Japan (Registered Head Office)

3-16, Nihonbashi 1-chome, Chuo-Ku, Tokyo

(Actual Head Office)

To Our Shareholders:

**NOTICE OF THE 108th ORDINARY GENERAL
MEETING OF SHAREHOLDERS**

We wish to notify and cordially invite your attendance at the 108th Ordinary General Meeting of Shareholders of Mitsui Engineering & Shipbuilding Co., Ltd. to be held as described below:

Date : Tuesday, June 28, 2011

Time : 10:00 A.M.

Place : Nihonbashi Kokaido (Civic Hall) 4th Floor, Nihonbashi Citizens Centre
31-1, Kakigaracho 1-chome, Nihonbashi, Chuo-Ku, Tokyo

Propositions :

Matters to be Reported:

1. Report of Business Report, Consolidated Financial Statements as well as Independent Auditor's Report and Board of Corporate Auditor's Report on the Consolidated Financial Statements for the 108th Business Term from April 1, 2010 to March 31, 2011 ("Term")
2. Report of Financial Statements for the Term

Matters to be Resolved

- Agenda Item No. 1: Appropriation of Retained Earnings as of the end of Term
- Agenda Item No. 2: Election of fourteen (14) members of the Board of Directors
- Agenda Item No. 3: Election of one (1) Substitute Corporate Auditor
- Agenda Item No. 4: Presentation of Retirement Remuneration to the retiring Directors

Please note:

1. Shareholders attending this Ordinary General Meeting of the Shareholders (“Meeting”) are requested to present the enclosed Form of Exercising the Voting Right in Writing (the “Form”) (no need to affix a seal) at the reception desk.
2. Shareholders not attending Meeting may vote for or against each of the agenda items to be resolved (“Agenda Items”) either in writing or through the Internet. For those who exercise the voting right in writing, please examine the accompanying reference materials, fill in the Form according to the instruction, and send the Form back to us. The Form shall arrive by 17:00 June 27, 2011.

For those who exercise the voting right through the Internet, please access the website for voting (<http://www.web54.net>) by using the voting code and the password written on the Form and fill in the electronic voting form in accordance with the online instruction by the deadline described above. (The detailed instructions on Exercise of Voting Rights over the Internet, etc. are found in the last two pages of the Notice.)

For the vote more than several times by the same shareholder, the one received later shall prevail. For the vote received both by mail and Internet from the same shareholder, the one received later shall prevail. If we receive both on the same day, the vote by Internet shall prevail.

3. As for Notes to Consolidated Financial Statement and Notes to Financial Statement, the Company is deemed to have provided those to shareholders by means of disclosure through the Internet (on the Company’s website: <http://www.mes.co.jp/>) in accordance with the laws and Article 16 of the Company’s Articles of Incorporation.

In case of corrections to Reference Materials for Exercising the Voting Right, Business Report, Consolidated Financial Statement and Financial Statement, such corrections are published through the Internet. (on the Company’s website: <http://www.mes.co.jp/>)

ATTACHMENT MATERIALS

BUSINESS REPORT (from April 1, 2010 through March 31, 2011)

1. Overview of Operation of the Company Group

(1) Business Overview

The economy during the Term in the emerging countries continued growing gradually but steadily although it was affected by inflation or tight-money policy, and the economy in Europe and the United States has recovered by being pulled by the increasing demands from emerging countries. However, there are still continued uncertainties due to rising price of natural resources, political situation in the Middle East and the North Africa, and credit crunch in Europe.

As to domestic economy, while it was on the trend of recovery in the first half Term because of increase of exports to Asian developing countries, such recovery in the latter half Term has been hindered by sharp rise of Japanese yen value, end of governmental economic measures and rise of natural resource prices. Further, uncertainties in the future increase due to the earthquake in East Japan in March.

Under such circumstances, the Company together with its group companies, has continued aiming at (i) expanding core and glowing business areas, (ii) creating new business and new products, and (iii) developing management foundation, which were the targets of the 2008 Mid-Term Business Plan (from 2008 through 2010), and implemented various measures for improving productivity and reducing costs of manufacture such as fixed costs.

The consolidated amount of orders received during the Term came to 499.7 billion yen, which was 140.6 billion yen increase from the previous term. It is on recovery trend after downturn of sluggish economy caused by the financial crisis, however speed of improvement was still low.

The consolidated amount of sales for the Term was 589.2 billion yen, 176.8 billion yen decrease from the previous term as the result that the division of Ship & Ocean Project decreased its sales significantly because of reaction of enlarged application of “percentage of completion method” for accounting in the previous term, and Machineries, Steel Structure, and Plant & Environment divisions also decreased each sales amount. The operating income for the Term amounted to 38.9 billion yen, 4.1 billion yen decrease from the previous term because, while the Ship & Ocean division increased its profit, Steel Structures, Machineries and Plant & Environment divisions decreased their profits. The ordinary income for the Term came to 36.2 billion yen, 5.8 billion yen decrease from the previous term, because of equity in losses of affiliates. The net income for the Term came to 13.5 billion yen, 6.2 billion yen decrease from the previous term, because of loss on valuation of investment Securities, loss on impairment of property, plant, and equipment, and compensation of damages as extraordinary losses.

Status of the business of each division was as follows:

[Ship & Ocean Project]

Surface transportation market had seen certain recovery from the worldwide depression resulting from financial crisis. Orders for shipbuilding had been stable although still at a low level. In the first half of the Term, there was some upturn of demands of new vessels, mainly bulk carriers, and the Company received orders such carriers.

However, plunged market for dry bulk cargoes in the latter half of the last year damaged the shipping market, and ship owners tends to be hesitant to ordering new large vessels due to an increased number of launches of new large vessels. Therefore, surrounding environment of receiving orders for new vessels becomes severe again. Especially, a number of large bulk carriers and container carriers will be launched for operation this year too, it is concerned that a gap between demand and supply is expected to widen, and therefore, it is expected that it will take a certain time for real recovery of the new ship building market.

Under such circumstance, as the Company retains order backlogs for nearly three-year term, the Company will make efforts to secure more orders, taking into account factors, such as market conditions, exchange rate, and change of prices of materials. The Company will promote its business based on its technological expertise and expand opportunity of sales. As an example, the Company launched last October a environment friendly new generation vessel “neo Supramax 66 BC (66,000 dwt bulk carrier)” which CO2 emission level is about 30% less than former type vessels.

The consolidated amount of orders received for the Term came to 270.1 billion yen, 165.9 billion yen increase from the previous term, consisting of bulk carriers, open- hatch general cargo carriers, reefers, repair works and FPSO (Floating Production Storage and Offloading Vessel) and others. The consolidated amount of sales amounted to 312.6 billion yen, 116.9 billion yen decrease from the previous term, because application of the work progress standard for accounting expanded in the previous term although constructions of bulk carriers, tankers, reefers, FPSO and others went smoothly. The operating income came to 19.1 billion yen, 5.4 billion yen increase from the previous term, due to reduction of costs and expenses despite adverse effect from high yen value.

[Steel Structures & Logistic Systems]

As for container cranes, the number of inquiries is increasing as the overseas market began to move because of restoration of the surface transportation to the level prior to financial crisis.

On the other hand, as the yen currency rate has been remaining at high level, we intend to increase the overseas procurement and overseas production aiming higher percentage of U.S. dollar costs.

Also, to correspond to the recent strengthening of environmental control, the Company is developing the cranes of new specifications incorporating various technologies to meet environmental requirements, and put in the market the products with new technology meeting the needs of the community and the clients such as new type of hybrid transtainer® installing lithium ion battery, completely electrified transtainer® installing automatic attaching-separation equipment to/from electricity supply pillar and electricity saving type portainer®.

The Company is also focusing its resources to the cranes for industrial use handling bulk cargoes, and aiming expansion of new type of loading equipment particularly handling raw materials such as ore, coal and others.

Regarding bridges market, because of diminishing trend in public sectors, competitions based on the system of overall evaluation of the manufacturers became severer, however the prices of bridges having been relatively stable due to effects of the lowest price maintenance system of the public sectors, we intend to obtain orders by strengthening competence for technical proposal.

We will also intensify our effort to receive orders for bridges and civil engineering works for the power plant in Southeast Asia where development of social infrastructure is remarkable.

The consolidated amount of orders received by the division consisting of container cranes and bridges and other steel structure works came to 39.2 billion yen, 1.4 billion yen decrease from the previous term.

Its consolidated amount of sales was 42.4 billion yen, 23.5 billion yen decrease from the previous term, consisting of civil works for coal fired power plant, bridges and container cranes, and its consolidated operating income was 1.8 billion yen, 2.8 billion yen decrease from the previous term.

[Machinery & Systems]

Regarding marine diesel engines, while the market condition was severe, production during the Term was generally stable, and we could maintain the same amount of production level in terms of horse power as that in the previous term.

In the field of industrial machinery, because of the suspension of the facility investment by our clients the amount of order received was lesser than the previous term.

However large sized overseas projects for reciprocating compressors are planned, and the projects for rotating machineries which had been suspended are gradually resuming, we expect the amount of the order we receive would increase.

Regarding induction heaters which are mainly for automobile industry, the price competition in the domestic

market was severe, we are aiming development of value added type products such as energy saving type, and promotion of sales to overseas market.

Regarding LSS (Life-cycle Solution Service and Customer Oriented Service), while being affected by currency rate of high yen - cheap euro, number of inquiries for diesel engine parts was increasing during the latter half of the Term as the result of policy of retaining clients by means of promotion of comprehensive maintenance contracts and price competitiveness.

The consolidated amount of orders received for marine diesel engines, various industrial machineries and after sales service and others remained at 133.9 billion yen, 23.1 billion yen decrease from the previous term. The consolidated amount of sales for this division was 165.3 billion yen, 17.9 billion yen decrease from the previous term, and the operating income came to 22.7 billion yen, 3.4 billion yen decrease from the previous term.

[Plant and Environment]

While the general market condition in the prtro-chemical industry is on recovery trend both domestic and overseas, and the number of inquiries for plants is increasing, the speed of recovery is slow, and we expect realization of large sized projects would still need time. Under such circumstances, the Company has extended active order securing effort during the latter half of the Term mainly focusing on the medium and small sized projects to be realized during the first half of the next term.

Regarding environmental and recycling equipment, we intensified activities in the field of biomass utilizing business, and continued order securing activity focusing on biogas plants for local governments, distilled alcohol wastes water recycling plants for private sectors, food waste recycling plants and others. We will also promote export to South Korea, China and other Southeast Asian countries, where the markets are expected to grow.

The amount of consolidated orders received during the Term was 35.3 billion yen, 2.9 billion yen decrease from the previous term, the consolidated amount of sales, consisting of various chemical plants, was 47.3 billion yen, 21.1 billion yen decrease from the previous term, and the operating loss was 5.9 billion yen, 3.8 billion yen increase from the previous term.

[Others]

The Company was also engaged in the development and sales of information systems, and other various service businesses such as warehousing. The consolidated amount of orders received in these areas was 21.1 billion yen, 2.2 billion yen increase from the previous term, the consolidated amount of sales was 21.6 billion yen, 2.7 billion yen increase from the previous term, and the amount of operating income was 1.6 billion yen, 0.8 billion yen increase from the previous Term.

Amount of Consolidated Order Intake and Sales per Products during the Term and Consolidated Order Backlog as at the End of the Term

(Unit: Million Yen)

Products	Order	Sales	Order Backlog
Ships	270,094	312,610	543,511
Steel Structure	39,221	42,376	52,248
Machinery	133,929	165,309	150,551
Plants	35,326	47,289	50,491
Others	21,122	21,623	2,833
Total	499,695	589,209	799,637
(Export)	(277,291)	(366,047)	(560,080)

(2) Facilities Investment

The amount of investment by the Company Group was 15.6 billion yen, of which 6.4 billion yen was made by the Company. Major items of the investments were made for renewal of shot blasting facility at Tamano Shipyard and Chiba Shipyard, and development of production system at the diesel engine division at Tamano Works, all of which aimed at improving productivity.

In addition, our overseas subsidiary engaged in ship chartering business acquired a new ship.

(3) Financing

(i) Company

On January 28, 2011, the Company issued 11th and 12th unsecured corporate debentures in the amount of 10 billion yen, date of redemption being January 28, 2016, and in the amount of 5 billion yen, date of redemption January 26, 2018 respectively.

(ii) Subsidiaries

On April 6, 2010, Mitsui Ocean Development & Engineering Co., Ltd. (MODEC) increased its share capital in the amount of 15,588 million yen (number of newly issued shares: 9 million shares, price per share: 1,732 yen) by means of allocation of new shares to a third party, the Company and Mitsui & Co., Ltd.

(4) Management Perspectives

Making bankruptcy of U.S. financial institutes in September 2008 as a turning point, financial crisis expanded on world-wide basis, and actual economy had kept facing severe circumstances.

Due to the effect of financial and economic policies by each country, the economy is recovering centering around the newly developing countries headed by China. However, because of the recent social turmoil in Middle East and South Africa, future prospect remains opaque.

While the Company Group has its order backlog of approximately 800 billion yen, we will take quick and prompt management actions against rapidly changing circumstances and opaque future prospect.

As short term measures, we aim to maximize our profits by cutting down more costs in manufacturing our products in order backlogs, to conduct risk management while carefully watching changing circumstances, and to reallocate our resources more efficiently

On mid-term basis, we will draw up our 11 Mid-Term Business Plan, and during the process, we will review future prospect for each of our divisions, make clear a main scenario in order to enable us to adjust ourselves to rapid changes in business circumstances based on our contingency plan including the worst case scenario for each of the divisions.

We will make efforts to develop and promote worldwide our products across business areas of our divisions or our subsidiaries using capacity of the Company group, and to strengthen cost cut down activities. Moreover, we will actively pursue to optimize investments for facilities, maximize efficiency of R&D costs, and reduce fixed outsourcing expenses by utilizing internal resources.

(5) Financial and Profit/Loss Indicators

a. Consolidated Business Achievement During the Past Four Terms

(Unit: Million Yen)

	105th(2007)	106 th (2008)	107 th (2009)	108 th (2010)
Order	805,406	801,870	359,066	499,695
Sales	659,215	686,655	765,989	589,209
Ordinary Income	32,232	23,415	41,999	36,216
Net Income for the	16,560	10,641	19,652	13,493
Term				
Net Income for the	19.98 yen	12.84 yen	23.72	16.29
Term per Share (Yen)				
Total Assets	711,545	739,302	742,860	686,325
Net Assets	175,642	160,744	180,154	193,748
Net Assets per	182.60	169.59	193.75	198.40
Share (Yen)				

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

(Unit: Million Yen)

	105th(2007)	106th(2008)	107 th (2009)	108 th (2010)
Order	515,361	330,383	185,842	208,357
Sales	382,293	393,545	418,407	311,466
Ordinary Income	16,420	13,963	32,270	24,249
Net Income for the Term	7,799	7,130	16,552	5,788
Net Income for the Term per Share (Yen)	9.41 yen	8.60 yen	19.97 yen	6.99 yen
Total Assets	491,120	510,111	488,311	463,519
Net Assets	119,143	112,265	128,545	129,711
Net Assets per Share (Yen)	143.70	135.41	155.12	156.55

(6) Major Subsidiaries

a. Major Subsidiaries

Name of Main Subsidiaries	Capital	Shareholding Ratio held by the Company	Major Business Field
MODEC, Inc.	20,185million yen	50.1%	Design and manufacturing of ocean structures
Burmeister & Wain Scandinavian Contractor A/S	150 million DKR	100.0%	Construction of diesel power generation plants
DPS Bridge Works Co., Ltd.	300 million yen	99.9%	Design and manufacturing of prestressed concrete products
Mitsui Zosen Systems Research Inc.	720 million yen	100.0%	Development and sale of information systems
Niigata Shipbuilding and Repair Inc.	475 million yen	100.0%	Design, manufacturing and repair of ships

(Note)

1. DKR stands for Danish Krone.
2. Our 100% subsidiary Mesco Denmark A/S owns 100% of shares issued by Burmeister & Wain Scandinavian Contractor A/S as a holding company.
3. Our group as of the end of the Term consists of 85 consolidated subsidiaries, including 5 important subsidiaries set forth above, and 33 affiliates subject to application of the equity method.
4. As to shareholding ratio, second decimal place discarded.

b. Principal Licensing Partners

License Partners	Licensed Products
MAN Diesel & Turbo SE (Germany):	for MAN B&W diesel engines and gas turbo-charger for internal combustion engines

INBICON A/S (Denmark)	for pre-processing technology for bio ethanol
Thomassen Compression Systems (Netherland)	for Reciprocating Compressors
ALSTOM Technology Ltd.(Switzerland)	for steam turbines
Aspen Technology, Inc.(U.S.A.)	for Process Simulator

(7) Principal Operations (as of March 31, 2011)

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

[Ships and Oceans]: bulk carriers, ore carrier, crude oil tanker, oil product carrier, LNG carrier, LPG carrier, reefer, container ship, pure car carrier, cargo ship, naval ship, patrol vessels, ocean surveillance ship, training vessels, fishery patrol boat, various fishing boats, various work vessels, passenger crafts, high speed passenger/vehicle ferries, semi-submerged underwater viewing boats, oil drilling rig, oil production platform, FPSO (floating production storage offloading vessel), defense-related equipment/facility, naval craft installing system, remotely operated underwater vehicles, underwater TV vehicle

[Steel Structure]: bridges, storage tanks & facilities with special structures, steel frame structures for buildings, hybrid floating structures, mooring berths, floating structures for breaking-water, offshore structures, civil works, container cranes, industrial cranes, container terminal management systems

[Machinery]: marine & stationary diesel engines, marine equipment, marine and industrial boilers, gas turbine, gas engine, steam turbine, blowers, process compressors, co-generation systems, process equipment, power system, induction heaters, mechatronics equipment, production equipment of semiconductor, liquid crystal equipment

[Plants]: petro-chemical plant, oil refinery plant, inorganic and fertilizer plant, fine chemical and alternative source of energy, waste treatment plant, water treatment plant, flue gas disposal plant, resources recycling plant

[Others]: Information/communication related equipment, systems development, logistics service, NGH(Natural Gas Hydrate) related technology development, Waste PCB(Poly-chlorinated biphenyl) disposal treatment facility, portal services for supporting ship navigation systems, biomass power generation business, bio-ethanol plant

(8) Major Offices, Branch Offices and Works (as of March 31, 2011)

a. Company

Head Office: 3-16, Nihonbashi 1-chome, Chuo-ku, Tokyo

Kasai Office: 4-6, Nishikasai 8-chome, Edogawa-ku, Tokyo

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

Branch: Hokkaido (Sapporo), Touhoku (Sendai), Chubu (Nagoya), Kansai (Osaka),

Okayama (Okayama), Shikoku (Takamatsu), Chugoku (Hiroshima), Kyushu (Fukuoka),

Higashi-Kyushu (Oita), Okinawa, two (2) other domestic branches and five (5) oversea offices

(Note) Because of rebuilding of the head office building at Tsukiji, Chou-Ku, Tokyo, we moved temporarily to the new head office building located at 3-16, Nihonbashi 1-chome.Chuo-ku, Tokyo.

b. Subsidiaries

Mitsui Ocean Development & Engineering Co., Ltd (MODEC)	Head office: Chiyoda-Ku, Tokyo
Burmeister & Wain Scandinavian Contractor A/S	Head office: Denmark
DPS Bridge Works Co.Ltd.	Head office: Sapporo City, Hokkaido
Mitsui Zosen Systems Research Inc.	Head office: Chiba City, Chiba
Niigata Shipbuilding & Repair Inc.	Head office: Niigata City, Niigata

(9) Number of Employees (as of March 31, 2011)

a. Employees of the Company group:

Division	Number
Ship	3,374
Steel Structure & Construction	843
Machinery	2,519
Plant	1,643
Others	1,801
Administration (common)	146
Total	10,326

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

b. Employees of the Company: 4,412 (39 decrease from previous term)

Average age: 40.6 years old, average years of service per employee: 18.8 years

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

(10) Major Lenders

a. Major Lenders for the Company (as of March 31, 2011)

Lenders	Amount of Loan
Sumitomo Mitsui Banking Corporation	15,513 million yen
Mizuho Corporate Bank	12,185 million yen
Chuo-Mitsui Trust and Banking Company Limited	10,314 million yen

b. Principal Lenders for Mitsui Ocean Development & Engineering Co., Ltd (MODEC)

(as of December 31, 2010)

Lenders	Amount of Loan
Mizuho Corporate Bank	10,882 million yen
Sumitomo Mitsui Banking Corporation	3,556 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,260 million yen

(11) Business Transfer, Mergers, Demergers, etc.

Nil

(12) Other Important Matters concerning Group Companies

Nil

2. Shares (as of March 31, 2011)

- 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: 87,530

d. Major Shareholders and the number of shares they own (thousand) and ratio

	number	Ratio(%)
Mitsui & Co., Ltd.	42,944	5.18
Japan Trustees Service Bank, Ltd.(Trust Account)	32,045	3.87
The Master Trust Bank of Japan Ltd.(Trust Account)	26,725	3.23
Japan Trustees Service Bank, Ltd. (Trust Account 9)	25,473	3.07
The 114 th Bank	25,460	3.07
Japan Trustees Service Bank, Ltd. (Trust Account for the retirement allowance for The Chuo Mitsui Trust & Banking Company Limited)	23,316	2.81
Citibank Hong Kong PBG Client(HK)	22,434	2.71
The Nomura Trust and Banking Co., Ltd.(Investment Trust Account)	16,096	1.94
Mitsui Life Insurance Company Limited	16,002	1.93
Sumitomo Mitsui Banking Corporation	13,647	1.65

(Notes) 1. Ratio above is calculated after excluding 2,420,249 treasury stocks. Those treasury stocks include 4,000 shares nominally owned by the Company which the Company is not the actual shareholder.

2. The shares owned by Japan Trustees Service Bank, Ltd. (Trust Account for the retirement allowance for The Chuo Mitsui Trust & Banking Company Limited) are the trusted property of the retirement allowances entrusted by the Chuo Mitsui Trust & Banking Company Limited.

3. Stock Options

Nil

4. Officers of the Company

- a. Names, titles and roles of, and other significant office concurrently held by Directors and Corporate Auditors

Name	Titles and Roles at the Company
Takao Motoyama	Chairman, Representative Director
Yasuhiko Katoh	President, Representative Director
Makoto Sakurai	Vice President, Representative Director
	Assisting president, administering corporate management, auditing, financing, accounting, IR& publicity and export control, CCO, CPO.
Yutaka Raijo	Managing Director in charge of procurement, environment & safety control and Works of the Company
Norio Nagata	Managing Director, GM of Ship & Ocean Project Hq.
Kazuo Masuyama	Managing Director in charge of Corporate Planning
Ryouichi Jinkawa	Managing Director, GM of Business Development & Innovation Hq.
Takao Tanaka	Managing Director, GM of Machinery & Systems Hq.
Kazuki Yashiki	Managing Director, GM of Steel Structure & Logistics Systems Hq.
Shunichi Yamashita	Managing Director, GM of Plant & Environment Hq.
Masafumi Okada	Director, GM of Corporate Marketing & Business Coordination Hq.
Yasuo Irie	Director, GM of Research & Development Hq.
Akinori Matsuda	Director, Deputy GM of Ship & Ocean Project Hq. GM of Chiba Works
Yoshihisa Kitajima	Director, GM of Tamano Works
Takaki Yamamoto	Director in charge of general affairs and personnel management, GM of General Affairs Dept.
Yoshiharu Saito	Corporate Auditor, Full Time
Makoto Yamazaki	Corporate Auditor, Full Time
Kazuya Imai	Corporate Auditor
Mitsuaki Yahagi	Corporate Auditor

(Notes)

1. CCO stands for Chief Compliance Officer.
2. CPO stands for Chief Privacy Officer.
3. Kazuya Imai and Mitsuaki Yahagi are outside Corporate Auditors.
4. As of March 30, 2010, the role of Makoto Sakurai, Vice President and Representative Director was changed as follows;
 - (before) Assisting president, administering corporate management, auditing, and export control, CCO, CPO.
 - (after) Assisting president, administering corporate management, auditing, financing, accounting, IR& publicity and export control, CCO, CPO.
5. Yoshiharu Saito, Corporate Auditor (Full Time) works for the financing and accounting division of the Company for a long time, and holds sufficient knowledge on financing and accounting.
6. The Company retains Kazuya Imai and Mitsuaki Yahagi as independent directors and auditors under the regulations of Tokyo Stock Exchange, Osaka Stock Exchange, Nagoya Stock Exchange, Fukuoka Stock Exchange and Sapporo Stock

Exchange, and reported it to each of these Stock Exchanges.

7. Other significant concurrent office held by the Directors and Corporate Auditors during the Term are as follows:

Takao Motoyama, Chairman, is the chairman of Shipbuilders Association Japan.

Norio Nagata, Director is director of MODEC Inc.

Shunichi Yamashita, Director, is director of MODEC Inc.

Mitsuaki Yahagi, Corporate Auditor, is the chairman and representative director of Japan Research Institutes, Ltd., director of SONY Corporation and the corporate auditor of Toray Industries, Ltd.

b. Director who resigned during the Term

Name: Toshiro Miyazaki Date of resignation: March 30, 2011

Title & Role and other significant positions concurrently held at the time of resignation: Director in charge of financing, accounting, IR& publicity, Director of MODEC Inc.

c. Remuneration paid to Directors and Corporate Auditors

(a) Total amount of remuneration paid for the Term

	Number	Amount
Directors	16	515 Million yen
Corporate Auditors	4	75 Million yen
(outside Corporate Auditors)	(2)	(16 Million yen)
Total	20	591 Million yen

(Notes)

1. The above includes remuneration for a Director resigned as on March 30, 2011.
2. Remuneration for the Directors does not include the salaries paid to the Directors who are concurrently designated as cooperate staff members as the compensation for the cooperate staff members.
3. Remuneration for Directors and for Corporate Auditors was 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 salaries paid as cooperate staff members) and not more than 90 million yen per year respectively.
4. The total amount of remuneration above is inclusive of 224 million yen of liability for severance and retirement benefits of Directors and Corporate Auditors to be included in this Term (203 million yen for 16 Directors and 20 million yen for 4 Corporate Auditors, of which 3 million yen is for outside Corporate Auditors).

d. Matters concerning Outside Directors and Auditors

(a) Concurrent office held by the Outside Directors and Auditors and the relationship between the Company and the companies for which the Outside Directors and Auditors serve as the executives:

Mitsuaki Yahagi, Corporate Auditor, is the Chairman and Representative Director of the Japan Research Institute, Ltd. The Company has contracts for entrusting research to the Japan Research Institute, Ltd.

(b) Concurrent office held by the Outside Directors and Auditors and the relationship between the Company and the companies for which the Outside Directors and Auditors serve as outside directors and auditors:

Mitsuaki Yahagi, Corporate Auditor, is an outside director of SONY Corporation and an outside corporate auditor of Toray Industries, Inc. The Company has no special deals with SONY Corporation. The Company has deals of use of facilities and others with Toray Industries, Inc.

(c) Major activities during the Term:

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

Kazuya Imai: Attended 14 of the 15 Board of Directors meetings, which ratio is 93%, and 13 of the 14 Board of Corporate Auditors meetings, which ratio is 92%.

Mitsuaki Yahagi: Attended 13 of 15 Board of Directors meetings, which ratio is 86%, 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.

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

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

(d) Outline of Liability Limitation Agreement

Outside Corporate Auditors, Kazuya Imai and Mitsuaki Yahagi, entered into a Liability Limitation Agreement with the Company, which limits the maximum amount of their liabilities to 10 million yen or the amounts provided for in laws and ordinance as the minimum amount of liability, whichever is the higher in accordance with Corporation Law Article 423 Paragraph 1.

5. Independent Auditor

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

(Note) KPMG AZSA LLC, formerly AZSA & Co., shifted to the auditor firm with limited liability as from July 1, 2010.

b. Amount of remuneration paid to the independent auditor

Remuneration to the independent auditors for the term: 91 Million yen

Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Auditor: 226 million yen

(Notes)

1. In its agreement with the Independent Auditor, the Company makes no distinction between the remuneration that it pays for auditing services governed by the Corporation Law and for auditing services governed by the Financial Instruments and Exchange Law, and such distinction is actually impossible. Consequently, the amount shown above is a sum of these two amounts.

2. Overseas subsidiaries of Mitsui Ocean Development & Engineering Co., Ltd (MODEC) and Burmeister & Wain scandinavian Contractor A/S are audited by other auditing firms.

c. Nature of non-audit professional services provided by the Independent Auditor

The Company also assigned to its Independent Auditor professional duties such as tasks of financial due diligence and paid compensation for the same, which are not statutory auditing duties stipulated in

Paragraph 1, Article 2 of the Certified Public Accountants Law.

d. Policy of the Company on dismissal of or decision not to reappoint the Independent Auditor

The Board of Directors shall offer to the Shareholders' Meeting a resolution to dismiss or not to reappoint the Independent Auditor with a prior consent of, or a request by, the Board of Corporate Auditors, when it is reasonably recognized that the Independent Auditor is no longer able to execute its duties in an appropriate manner or when it is adjudged necessary to do so.

The Board of Corporate Auditor shall request to the Board of Directors to offer to the Shareholders' Meeting a resolution to dismiss or not to reappoint the Independent Auditor, when it is reasonably recognized that the Independent Auditor is no longer able to execute its duties in an appropriate manner or when it is adjudged necessary to do so.

In addition, the Board of Corporate Auditors shall be entitled to dismiss the Independent Auditor by unanimous vote for reasons stipulated in Paragraph 1, Article 340 of the Corporation Law. In such event, the Corporate Auditor nominated by the Board of Corporate Auditors shall report at the first Ordinary General Meeting of Shareholders convened after such dismissal the fact of dismissal and the reason thereof.

6. System to ensure the appropriate execution of Director's duties

The Company resolved at the Board of Directors meeting 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.

The Company made the latest such amendment and resolved at the Board of Directors meeting held on March 31, 2011 as follows;

- a. System to ensure execution of duties by Directors to be in conformity with laws and regulations and the Articles of Incorporation of the Company;
 - (a) To ensure the manner of overall business conduct to be appropriate and sound, the Board of Directors will exert effort to establish effective risk control system, effective internal control system and system of compliance on group companies basis.
 - (b) To ensure the reliability of the information which could have significant impact to the financial reporting.
 - (c) Based on the audit report by the Corporate Auditors in regard to the risk control system, internal control system and system of compliance, the Board will exert effort for early discovery of problems and rectification, if necessary.
- b. 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 them in the appropriate manner.
 - (b) The Directors and Corporate Auditors may review such documents whenever necessary.

- c. 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 the unexpected event 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 which could have large impact to the management, each division shall carry out the checking of risks by themselves in accordance with relevant regulations.
 - (d) The Audit Dept., which is independent and objective and is under direct control by the President, shall be responsible for the internal audit of risk management by the operational divisions.

- d. 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 execute their duties properly and efficiently, the Company organizes management body such as Management Strategy Committee and 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 strategy deliberated and decided at the management committees. Directors report the status to the Board of Directors every three months.
 - (c) With clear objectives and strict observance thereof for strengthening market competitiveness, the Company formulates the targets for the Company and each of the business divisions. Directors report the status every three months to the member of the Management committees and other related persons.

- e. System to ensure execution of duties by employees to be in conformity with laws and regulations and the Articles of Incorporation of the Company;
 - (a) As for Compliance, the Company establishes “Compliance Committee” based on the “Internal Rules on Operation of Compliance” for overseeing and promoting compliance. Members consist of the Representative Director as the chairman of the Committee and Directors as the compliance officers.
 - (b) As for observance of Anti-Monopoly Law, the Company, particularly focusing on it, establishes the “Supervisory Committee for Compliance with Anti-Monopoly Law” as the subcommittee of the “Compliance Committee” in order for the Company to thoroughly oversee the activity of this subject. Members consist of the Representative Director as the chairman of the Committee and senior-ranked employees from each corporate departments and sales departments of the business divisions.
 - (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 ensure early detection of the activity which would violate the laws and other problems related to compliance, the Company establishes “Help-line” (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. This system is created based on the “Internal Rules on Operation of Whistle-blowing System” established based on the “Law on Safeguards of Those

Who Disclose Information in the Public Interest”.

- (e) As for Compliance System, the Internal Audit Department examines the effectiveness of the system and, in the event that 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 to the financial reporting, and as for disclosure of the financial information or other information of the Company, the Company makes effort to ensure adequate and timely disclosure of the Company’s information in accordance with the internal rules on disclosure of the Company’s information.
- f. System to ensure appropriate operations of the Corporate Group consisting of the Company and its subsidiaries;
- (a) By means of stipulating the “Corporate Principle”, “Business Attitude” and “Code of Conduct” for the Corporate Group, each 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 subsidiaries for supervision, each subsidiary is managed and supervised through its internal system that subjects to the approval from the Company in its decision-making and to reporting obligation to the Company in accordance with the “Internal Rules on Corporate Group Management Control”.
 - (c) As for the internal control of the Group Companies related to financial reporting, in addition to the self-check 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. President of each of the subsidiaries ensures the system of compliance tailored for each business of the subsidiaries as the Compliance Officer under the supervision of the “Compliance Committee”.
 - (e) Directors and employees of the subsidiaries may also use the “Helpline” mentioned above.
- g. 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 to carry out business, “Corporate Auditors Dept.” which have staffs to serve on full time basis, and which is independent of operational divisions is to be established.
 - (b) The staff belonging to Corporate Auditors Dept. shall assist the Corporate Auditors in accordance with their instructions.
- h. Independence of the employees assigned to assist the Corporate Auditors from the Directors;
- The employees belonging to Corporate Auditors Dept. are free from orders or supervision by the Directors.
- i. System for Directors’ and employees’ reporting to Corporate Auditors and system relating to other reporting to Corporate Auditor;
- (a) The Corporate Auditors shall attend the Management Strategy Committee and Management Committee, and the secretary shall furnish minutes of the meetings to Corporate Auditors.

- (b) Directors and employees shall immediately report to Corporate Auditors in case they find facts which would give material damages to the Company.
- (c) 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 Corporate Auditors.
- (d) Corporate Auditors may require Directors and employees to submit report whenever Corporate Auditors deem necessary.

j. Other system 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 Independent Auditor, internal audit department and the corporate auditors of subsidiaries.

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 - (c) Based on the audit report by the Corporate Auditors in regard to the risk control system, internal control system and system of compliance, the Board will exert effort for early discovery of the problem and rectification, if necessary.

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 - (b) In case the unexpected event occurs, the "Special Risk Management Committee" headed by Representative Director will deliberate the necessary countermeasures to minimize the losses.
 - (c) Regarding the control of business operation risk which could have large impact to the management, each divisions shall carry out the checking of risks by themselves in accordance with relevant regulation.
 - (d) The Audit Dept., which is independent and objective and is under direct control by the President, shall be responsible for the internal audit of risk management by the operational divisions.

- d. 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 execute their duties properly and efficiently, the Company organizes management body such as Management Strategy Committee and 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 strategy deliberated and decided at the management committees. Directors report the status to the Board of Directors every three months.
 - (c) With clear objectives and strict observance thereof for strengthening market competitiveness, the Company formulates the targets for the Company and each of the business divisions. Directors report the status every three months to the member of the Management committees and other related persons.
- e. System to ensure execution of duties by employees to be in conformity with laws and regulations and the Articles of Incorporation of the Company;
- (a) As for Compliance, the Company establishes “Compliance Committee” based on the “Internal Rules on Operation of Compliance” for overseeing and promoting compliance. Members consist of the Representative Director as the chairman of the Committee and Directors as the compliance officers.
 - (b) As for observance of Anti-Monopoly Law, the Company, particularly focusing on it, establishes the “Supervisory Committee for Compliance with Anti-Monopoly Law” as the subcommittee of the “Compliance Committee” in order for the Company to thoroughly oversee the activity of this subject. Members consist of the Director in charge of general affairs as the chairman of the Committee and senior-ranked employees from each corporate departments and sales departments of the business divisions.
 - (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 ensure early detection of the activity which would violate the laws and other problems related to compliance, the Company establishes “Help-line” (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. This system is created based on the “Internal Rules on Operation of Whistle-blowing System” established based on the “Law on Safeguards of Those Who Disclose Information in the Public Interest”.
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 - (f) To ensure the reliability of the information which could have significant impact to the financial information, and as for disclosure of the financial information of the Company, the Company makes effort to ensure adequate disclosure of the financial information in accordance with the internal rules on adequate disclosure of the financial information of the Company.
- f. System to ensure appropriate operations of the Corporate Group consisting of the Company and its subsidiaries;
- (a) By means of stipulating the “Corporate Principle”, “Business Attitude” and “Manner of Behavior” for the Corporate Group, each member companies ensure necessary systems for appropriate operations.
 - (b) As for the management control, in addition to dispatching the Directors and Corporate Auditors to each subsidiaries for supervision, each subsidiaries is managed and supervised through the internal system

that subjects to the approval from the Company in its decision-making and to reporting obligation to the Company in accordance with the “Internal Rules on Corporate Group Management Control”.

- (c) As for the internal control of the Group Companies related to financial report, in addition to the self-check by means of own evaluation effectiveness thereof is inspected and checked the independent internal audit by the Audit Dept., and is rectified, if necessary.
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- (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 Independent Auditor, internal audit department and the corporate auditors of subsidiaries.

CONSOLIDATED BALANCE SHEET (as of March 31,2011)

(Unit: Million Yen)

<u>ASSETS</u>	686,325	<u>LIABILITIES</u>	492,577
CURRENT ASSETS	355,744	CURRENT LIABILITIES	333,458
Cash and Deposits	51,682	Trade Payables	140,336
Trade and Other Receivables	155,754	Short-Term Borrowings	58,003
Lease (Credit & Investment)	168	Current Portion of Corporate Bond	10,170
Marketable Securities	1	Lease Obligations	2,617
Merchandise and Finished Goods	2,482	Accrued Income Taxes	6,930
Work in Progress	38,174	Deferred Tax Liabilities	466
Raw Materials and Supplies	4,509	Advances from Customers	60,855
Deferred Tax Assets	14,619	Provision for Product Warranty	7,038
Short-Term Loans	66,288	Provision for Losses on Construction Contracts	7,845
Other Current Assets	24,302	Asset Retirement Obligations	9
Allowance for Doubtful Accounts	(2,240)	Other Current Liabilities	39,185
FIXED ASSETS	330,580	LONG-TERM LIABILITIES	159,118
PROPERTY, PLANT AND EQUIPMENT	221,913	Corporate Bond	20,880
Buildings and Structures	37,544	Long-Term Borrowings	82,980
Machinery and Equipment	52,816	Lease Obligations	10,121
Land	115,998	Deferred Tax Liabilities	903
Lease Assets	11,895	Liability for Severance and Retirement benefits for Employees	4,830
Construction in Progress	1,409	Liability for Severance and Retirement benefits for Directors and Corporate Auditors	978
Others	2,249	Asset Retirement Obligation	1,203
INTANGIBLE ASSETS	12,057	Deferred Tax Liabilities on Reevaluation Reserve for Land	33,813
Goodwill	5,187	Other Long-Term Liabilities	3,406
Others	6,869	<u>NET ASSETS</u>	193,748
INVESTMENTS, LONG-TERM LOANS AND OTHER ASSETS	96,609	TOTAL SHAREHOLDERS' EQUITY	147,787
Investment Securities	47,206	Common Stock	44,384
Long-Term Loans	11,673	Capital Surplus	18,178
Deferred Tax Assets	20,245	Retained Earnings	85,885
Others	18,146	Treasury Stock	(661)
Allowance for Doubtful Accounts	(662)	ACCUMULATED OTHER COMPREHENSIVE INCOME	16,540
		Net Unrealized Holding Gains on Securities	4,103
		Unrealized Gains on Hedging Derivatives, Net of Tax	(2,135)
		Reevaluation Reserve for Land, Net of Tax	23,716
		Foreign Currency Translation Adjustment, Net of Tax	(9,143)
		MINORITY INTERESTS	29,420
TOTAL ASSETS	<u>686,325</u>	TOTAL LIABILITIES AND NET ASSETS	<u>686,325</u>

CONSOLIDATED STATEMENTS OF INCOME

(April 1, 2010 – March 31, 2011)

Items	Amount (Million Yen)	
NET SALES		589,209
Cost of Sales		507,119
GROSS PROFIT		82,089
Selling, General and Administrative Expenses		43,194
OPERATING INCOME		38,895
Non-Operating Income		
Interest Income	1,727	
Dividend Income	834	
Gains on Sales of Marketable Securities	10	
Other Income	1,595	4,167
Non-Operating Expenses		
Interest Expense	2,544	
Amortization of Net Transition Obligation	1,964	
Equity in Losses of Affiliates	54	
Other Expenses	2,283	6,846
ORDINARY INCOME		36,216
EXTRAORDINARY INCOME		
Gains on Sales of Investment Securities	45	
Gain on Sales of Subsidiaries and Affiliates' Stock	140	185
EXTRAORDINARY LOSS		
Losses on Disposition of Property, Plant and Equipment	245	
Losses on Impairment of Fixed Assets	1,956	
Loss on Disaster	714	
Losses on Valuation of investment Securities	1,854	
Provision for Loss on Business of Subsidiaries and Affiliates	309	
Loss on Liquidation of Subsidiaries and Affiliates	568	
Compensation for Damage	2,280	
Loss on Adjustment for Changes of Accounting Standard for Asset Retirement Obligations	1,120	9,051
Income Before Income Taxes and Minority Interests		27,350
Income Taxes	13,486	
Deferred Income Taxes	903	12,583
Income Before Minority Interests		14,767
Minority Interests		1,273
NET INCOME		13,493

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

From April 1, 2010 to March 31, 2011

(Unit: Million Yen)

	SHAREHOLDERS' EQUITY				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
<i>Balance as of March 31, 2010</i>	44,384	18,178	76,411	(638)	138,336
Changes during the Year					
Cash Dividends			(4,143)		(4,143)
Net Income			13,493		13,493
Purchase of Treasury Stock				(35)	(35)
Sales of Treasury Stock			(3)	12	9
Transfer from Reevaluation Reserve for Land, Net of Tax			125		125
Unrealized Gains on Derivatives Instruments in Overseas Subsidiary			(12)		(12)
Others			13		13
Net Changes in Items other than Those in Shareholders' Equity					
Total Changes during the Year	-	-	9,473	(22)	9,450
<i>Balance as of March 31, 2011</i>	44,384	18,178	85,885	(661)	147,787

	Accumulated Other Comprehensive Income					Minority Interests	Total Net Assets
	Net Unrealized Holding Gains on Securities	Unrealized Gains on Hedging Derivatives, Net of Tax	Reevaluation Reserve for Land, Net of Tax	Foreign Currency Translation Adjustment, Net of Tax	Total Accumulated Other Comprehensive Income		
<i>Balance as of March 31, 2010</i>	4,583	(784)	23,841	(5,477)	22,164	19,653	180,154
Changes during the Year							
Cash Dividends							(4,143)
Net Income							13,493
Purchase of Treasury Stock							(35)
Sales of Treasury Stock							9
Transfer from Reevaluation Reserve for Land, Net of Tax							125
Unrealized Gains on Derivatives Instruments in Overseas Subsidiary							(12)
Others							13
Net Changes in Items other than Those in Shareholders' Equity	(480)	(1,351)	(125)	(3,666)	(5,623)	9,767	4,143
Total Changes during the Year	(480)	(1,351)	(125)	(3,666)	(5,623)	9,767	13,594
<i>Balance as of March 31, 2011</i>	4,103	(2,135)	23,716	(9,143)	16,540	29,420	193,748

BALANCE SHEET (as of March 31, 2011)

(Unit: Million Yen)

<u>ASSETS</u>	<u>463,519</u>	<u>LIABILITIES</u>	<u>333,807</u>
CURRENT ASSETS	196,565	CURRENT LIABILITIES	222,005
Cash and Deposits	18,862	Notes Payable -Trade	24,798
Notes Receivable - Trade	1,962	Accounts Payable - Trade	54,958
Accounts Receivable - Trade	78,209	Short-Term Borrowings	8,789
Marketable Securities	0	Current Portion of Long-Term Borrowings	19,605
Finished Goods	1,956	Current Portion of Corporate Bond	10,000
Work in progress	32,445	Lease Obligations	2,225
Raw Materials and Supplies	2,541	Accounts Payable - Other	4,878
Advance Payments - Trade	596	Accrued Income Taxes	2,126
Deferred Tax Assets	9,400	Accrued Expenses	14,181
Short-Term Loans	35,846	Advances from Customers	46,234
Accounts Receivable – Other	9,928	Deposits Received	18,272
Suspense Payments	6,560	Provision for Product Warranty	3,683
Other Current Assets	299	Provision for Loss on Construction Contracts	7,152
Allowance for Doubtful Accounts	(2,045)	Provision for Loss on Disaster	603
FIXED ASSETS	266,953	Other Current Liabilities	4,496
PROPERTY, PLANT AND EQUIPMENT	162,338	LONG-TERM LIABILITIES	111,801
Buildings	17,524	Corporate Bond	20,000
Structures	9,828	Long-Term Borrowings	47,895
Docks and Building Berths	2,064	Lease Obligations	9,444
Machinery and Equipment	11,156	Liability for Severance and Retirement benefits for Directors and Corporate Auditors	948
Vessels	2	Provision for Loss on business of subsidiaries and affiliates	2,303
Vehicles	156	Deferred Tax Liabilities on Reevaluation Reserve for Land	29,888
Tools, Furniture and Fixtures	1,388	Asset Retirement Obligations	604
Land	107,952	Other Long-Term Liabilities	718
Lease Assets	11,125	NET ASSETS	129,711
Construction in Progress	1,137	SHAREHOLDERS' EQUITY	106,957
INTANGIBLE ASSETS	3,091	COMMON STOCK	44,384
Patent Right	1,152	CAPITAL SURPLUS	18,154
Software	1,746	Legal Capital Surplus	18,154
Others	192	RETAINED EARNINGS	45,050
INVESTMENTS, LONG-TERM LOANS AND OTHER ASSETS	101,523	Other Retained Earnings	45,050
Investment Securities	30,472	Reserve for Advanced Depreciation of Fixed Assets	2,261
Stocks of Subsidiaries and Affiliates	43,750	Retained Earnings Brought Forward	42,789
Investments in Capital	61	TREASURY STOCK	(631)
Investments in Capital of Subsidiaries and Affiliates	4,352	VALUATION AND TRANSLATION ADJUSTMENTS	22,754
Long-Term Loans - Subsidiaries and Affiliates	6,552	Net Unrealized Holding Gains on Securities	4,091
Claims Provable in Bankruptcy, claims provable in Rehabilitation and Other	3	Unrealized Losses on Hedging Derivatives, Net of Tax	(72)
Deferred Tax Assets	7,777	Reevaluation Reserve for Land, Net of Tax	18,735
Prepaid Pension Cost	9,299	TOTAL LIABILITIES AND NET ASSETS	463,519
Others	2,173		
Allowance for Doubtful Accounts	(2,920)		
TOTAL ASSETS	463,519		

STATEMENTS OF INCOME

(April 1, 2010 – March 31, 2011)

Items	Amount (Million Yen)	
NET SALES		311,466
Cost of Sales		265,627
GROSS PROFIT		45,838
Selling, General and Administrative Expenses		21,067
OPERATING INCOME		24,771
Non-Operating Income		
Interest Income	180	
Dividend Income	3,252	
Gains on sales of marketable securities	2	
Other Income	429	3,863
Non-Operating Expenses		
Interest Expense	1,143	
Interest on Bonds	346	
Amortization of Net Transition Obligation	1,769	
Other Expenses	1,124	4,385
ORDINARY INCOME		24,249
EXTRAORDINARY INCOME		
Gains on Sales of Investment Securities	45	
Gain on sales of subsidiaries and affiliates' stocks	35	81
EXTRAORDINARY LOSS		
Losses on Disposition of Property, Plant and Equipment, Net	427	
Losses on Impairment of Fixed Assets	1,630	
Loss on Disaster	667	
Losses on Valuation of Investment Securities	1,745	
Losses on Valuation of Stocks of Subsidiaries and Affiliates	1,261	
Provision for Loss on Business of Subsidiaries and Affiliates	376	
Provision of allowance for doubtful accounts for subsidiaries and affiliates	2,835	
Compensation for Damage	2,280	
Loss on adjustment for changes of accounting standard for asset retirement obligations	621	11,847
Income Before Income Taxes		12,483
Income Taxes	6,334	
Deferred Income Taxes	360	6,695
NET INCOME		5,788

STATEMENT OF CHANGES IN NET ASSETS

From April 1, 2010 to March 31, 2011

(Unit: million yen)

ITEMS	SHAREHOLDERS' EQUITY							Total Shareholders' Equity
	Common Stock	Capital Surplus Legal Capital Surplus	Retained Earnings			Total Retained Earnings	Treasury Stock	
			Other Retained earnings					
			Reserve for Advanced Depreciation of Fixed Assets	Reserve for Special Account for Advanced Depreciation of Fixed Assets	Retained Earnings Brought Forward			
<i>Balance, as of March 31, 2010</i>	44,384	18,154	2,055	678	40,584	43,318	(608)	105,249
Changes during the Year								
Provision of Reserve for Advanced Depreciation of Fixed Assets			678		(678)			
Reversal of Reserve for Advanced Depreciation of Fixed Assets			(473)		473			
Reversal of Reserve for Special Account for Advanced Depreciation of Fixed Assets				(678)	678			
Cash Dividends					(4,143)	(4,143)		(4,143)
Net Income					5,788	5,788		5,788
Purchase of Treasury Stock							(35)	(35)
Sales of Treasury Stock					(3)	(3)	12	9
Transfer from Reevaluation Reserve for Land, Net of Tax					89	89		89
Net Changes in Items Other Than Those in Shareholders' Equity								
Total Changes during the Year			205	(678)	2,204	1,731	(22)	1,708
<i>Balance, as of March 31, 2011</i>	44,384	18,154	2,261		42,789	45,050	(631)	106,957

ITEMS	VALUATION AND TRANSLATION ADJUSTMENTS				TOTAL NET ASSETS
	Net Unrealized Holding Gains on Securities	Unrealized Gains on Hedging Derivatives, Net of Tax	Reevaluation Reserve for Land, Net of Tax	Total Valuation and Translation Adjustment	
<i>Balance, as of March 31, 2010</i>	4,590	(118)	18,824	23,296	128,545
Changes during the Year					
Provision of Reserve for Advanced Depreciation of Fixed Assets					
Reversal of Reserve for Advanced Depreciation of Fixed Assets					
Reversal of Reserve for Special Account for Advanced Depreciation of Fixed Assets					
Cash Dividends					(4,143)
Net Income					5,788
Purchase of Treasury Stock					(35)
Sales of Treasury Stock					9
Transfer from Reevaluation Reserve for Land, Net of Tax					89
Net Changes in Items Other Than Those in Shareholders' Equity	(499)	46	(89)	(542)	(542)
Total Changes during the Year	(499)	46	(89)	(542)	1,165
<i>Balance, as of March 31, 2011</i>	4,091	(72)	18,735	22,754	129,711

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

May 13, 2011

To the Board of Directors
Mitsui Engineering & Shipbuilding Co., Ltd.

KPMG AZSA LLC

Kakinuma Kouji (Seal)
Designated and Engagement Partner
Certified Public Accountant

Takahisa Miyamoto (Seal)
Designated and Engagement Partner
Certified Public Accountant

Akiyama Shigemori (Seal)
Designated and Engagement Partner
Certified Public Accountant

In accordance with the provision of Paragraph 4, Article 444 of the Corporation Act, we have audited the consolidated financial statements of Mitsui Engineering & Shipbuilding Co., Ltd. ("Company") for the consolidated fiscal year from April 1st, 2010 to March 31st, 2011. These statements consist of Consolidated Balance Sheet, Consolidated Statements of Income, Consolidated Statement of Changes in Shareholder's Equity and Notes on Consolidated Accounting Policies. These financial statements were prepared at the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit as Independent Auditor.

We conducted our audit in accordance with generally accepted auditing standards in Japan. Those auditing standards require that we obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement. Our Audit was conducted basically by means of checking and inspection of the documents and hearing, including examination of the accounting principles used and the methods of application thereof as well as evaluation of the estimation made by the Company's Management. It also included the overall assessment of the matters presented in the financial statements. We believe that our

audit gave us a reasonable basis for expressing our opinion.

In our opinion, the foregoing consolidated financial statements present fairly, in all material aspects, the financial position and results of operation of the Company and its consolidated subsidiaries for the period covered by the aforesaid consolidated financial statements in conformity with generally accepted accounting principles in Japan.

Note:

As is described in the Notes to Basic Significant Matters Regarding Preparation of Consolidated Financial Statements, the Company from this term has applied “accounting standard for asset retirement obligation” and “guideline for accounting standard for asset retirement obligation.”

Our firm and our engagement partners have no interests in the Company required to be disclosed pursuant to the relevant provisions of the Certified Public Accountants Law of Japan.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

May 13, 2011

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

KPMG AZSA LLC

Kakinuma Kouji (Seal)
Designated and Engagement Partner
Certified Public Accountant

Takahisa Miyamoto (Seal)
Designated and Engagement Partner
Certified Public Accountant

Akiyama Shigemori (Seal)
Designated and Engagement Partner
Certified Public Accountant

In accordance with the provision of Sub-paragraph 1, Paragraph 2, Article 436 of the Corporation Act, we have audited the financial statements of Mitsui Engineering & Shipbuilding Co., Ltd.(the "Company") for its 108th fiscal year from April 1st, 2010 to March 31st, 2011. These statements consist of Balance Sheets, Statements of Income, Statement of Changes in Shareholder's Equity, Notes on Significant Accounting Policies, and Supplementary Statements thereto. These financial statements were prepared at the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit as Independent Auditor.

We conducted our audit in accordance with generally accepted auditing standards in Japan. Those auditing standards require that we obtain reasonable assurance as to whether the financial statements and supplementary statements thereto are free from material misstatement. An Audit was conducted basically by means of checking and inspection of the documents and hearing, including examination of the accounting principles used and the methods of application thereof as well as evaluation of the estimation made by the Company's Management. It also included

the overall assessment of the matters presented in the financial statements. We believe that our audit gave us a reasonable basis for expressing our opinion.

In our opinion, the foregoing financial statements and supplementary statements thereto present fairly, in all material aspects, the financial position and results of operation of the Company for the period covered by the aforesaid financial statements and supplementary statements thereto in conformity with generally accepted accounting principles in Japan.

Note:

As is described in the Notes to Basic Significant Matters Regarding Preparation of Consolidated Financial Statements, the Company from this term has applied “accounting standard for asset retirement obligation” and “guideline for accounting standard for asset retirement obligation.”

Our firm and our engagement partners have no interests in the Company required to be disclosed pursuant to the relevant provisions of the Certified Public Accountants Law of Japan.

REPORT BY THE CORPORATE AUDITORS

The Board of Corporate Auditors has prepared the following report with regard to the discharge of duties by Directors during the 108th business term from April 1st, 2010 to March 31st, 2011. The report was prepared on the basis of audit reports by the individual Corporate Auditors and represents a unanimous opinion of all the Corporate Auditors after deliberation among them.

1. Methods and scope of audit by the individual Corporate Auditors and by the Board of Corporate Auditors

The Board of Corporate Auditors established auditing policies and auditing plans for the fiscal year for review, setting “Sensible sales activities aiming to secure sufficient amount of productions, sensible investment towards future stability, and establishment of Company’s organization to deal with business environment in the future” as the major objectives of audit, and received reports from each individual Corporate Auditors on the discharge of his auditing activities and the result thereof. In addition, it received reports on discharge of duties from Directors and others and from the Independent Auditor, and, as and when necessary, requested their explanations regarding such reports.

Each individual Corporate Auditors, in accordance with the auditing standards for Corporate Auditors set by the Board of Corporate Auditors, communicated with Directors, other employees such as the internal auditing department of the Company in the effort of collecting information and creating an environment for auditing. Furthermore, Corporate Auditors attended the meeting of the Board of Directors and other important meetings, received reports from Directors and other employees on discharge of duties and, as and when necessary, requested their explanations with regard to those reports. Corporate Auditors also inspected documents related to important decisions and examined operations and assets at the Company’s head offices and major works. Corporate Auditors monitored and examined the systems established in order to ensure that the discharge of duties by Directors to be in compliance with laws and regulations and with the Company’s Articles of Incorporation. Corporate Auditors also regularly received reporting from the Directors and other employees, requested further explanations as necessary, and expressed opinions on the said systems pursuant to Paragraphs 1 and 3, Article 100 of the Enforcement Regulations of the Corporation Act in order to ensure that the Company’s operations to be conducted compliant with the Board Resolution (in light of internal control systems).

In addition, as to internal control system related to J-SOX Financial Report, Corporate Auditors received reports from Directors and Independent Auditor, KPMG AZSA LLC on their discussion and their evaluation and audit of internal control system, and their explanation as necessary.

With respect to subsidiaries, Corporate Auditors took steps to facilitate communications with directors and corporate auditors of such subsidiaries. Using the foregoing methods, Corporate Auditors reviewed the Business Report and the supplementary statements thereto for the fiscal year.

Further, Corporate Auditors monitored and examined as to whether the Independent Auditor maintains their independence and carries out their audits in an appropriate manner. Corporate Auditors received reports from the Independent Auditor on the discharge of their duties and, as and when necessary, requested their explanations regarding those reports.

Corporate Auditors also received reports from the Independent Auditor that they have taken steps for developing the better “system to ensure appropriate discharge of their duties” as stipulated in the Article 131 of the Company Accounting Regulation Ordinance in compliance with the “Quality Control Standard Relating to Auditing” (adopted by the Business Accounting Deliberation Council on October 28, 2005), and Corporate Auditors requested their explanations on these reports as necessary.

Based on the foregoing methods, Corporate Auditors reviewed the financial statements for the fiscal year (Balance Sheets, Statements of Income, Statement of Changes in Shareholder’s Equity, and Notes on Significant Accounting Policies) and Supplementary Statements thereto as well as the consolidated financial statements (Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statement of Changes in Shareholder’s Equity, and Notes on Consolidated Accounting Policies).

2. Result of the Audit

(1) Result of audit of the Business Report

1. In our opinion, the Business Report and the supplementary statements thereto present fairly the situation of the Company, in compliance with the provisions of applicable laws and regulations and the Articles of Incorporation.
2. In our opinion, there were no wrongful acts or material violations of applicable laws and regulations or the Articles of Incorporation in discharge of their duties

by Directors.

3. In our opinion, the content of the resolution by the Board of Directors regarding internal control system is appropriate, and, furthermore, there is none to be pointed out in connection with the business report and the discharge of duties by Directors in terms of the compliance with that internal control system by Directors.

In the meantime, as at the time of preparing this Report, we received the report from Directors and KPMG AZSA LLC that there exists no significant defect in the Company's internal control system related to J-SOX Financial report.

- (2) Result of the audit of financial statements and the supplementary statements thereto

In our opinion, the auditing methods used by KPMG AZSA LLC the Independent Auditor, and the result of their audit is appropriate.

- (3) Result of the audit of consolidated financial statements

In our opinion, the auditing methods used by KPMG AZSA LLC the Independent Auditor, and the result of their audit is appropriate.

May 19, 2011

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

Saito Yoshiharu (Seal)
Full-time Statutory Auditor

Makoto Yamazaki (Seal)
Full-time Statutory Auditor

Kazuya Imai (Seal)
Statutory Auditor

Mitsuaki Yahagi (Seal)
Statutory Auditor

(Notes: Mr. Kazuya Imai and Mr. Mitsuaki Yahagi are outside corporate auditors.)

REFERENCE MATERIALS FOR EXERCISING THE VOTING RIGHT

Agenda and Reference Materials

For Agenda Item No. 1: Appropriation of Retained Earnings as of the end of 108th Business Term

Return of investment to the shareholders along with aiming the increase in shareholder's equity is the Company's basic policy on distribution of profits. In view of the business achievement during the Term and taking into account of the need to secure internal reserves necessary for the future business operation, we would like to propose the amount of dividend for the Term as follows;

- (1) Dividend to be paid by cash
- (2) Amount of dividend: ¥ 4 per share total amount: ¥3,314,283,708
- (3) Effective date of commencement of payment: June 29, 2010

For Agenda Item No. 2: Election of fourteen (14) members of the Board of Directors

As at the close of this General Ordinary Meeting of Shareholders, the terms of office of all members of the Board (15 members) are to expire, we propose to elect fourteen (14) members of the Board of Directors. The candidates are as follows;

Candidate No.: Names of the candidates and their career

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

1. Yasuhiko Katoh (May 19, 1947 / 67,000 shares)

April, 1973	Entering the Company
June, 2001	President of Mitsui Zosen Europe Limited
April, 2004	CEO of Mitsui Babcock Energy Limited
June, 2004	Director, in charge of Mitsui Babcock Energy Limited
December, 2006	Special Mission
June, 2007	President and Representative Director

2. Makoto Sakurai (September 20, 1947 / 24,000 shares)

April, 1971	Entering the Company
July, 2004	Deputy Director, General Manager of Kansai Office
June, 2005	Director, General Manager of Tamano Works, Corporate Marketing & Business Coordination Hq. and of Kansai Office

June, 2007	Managing Director, General Manager of Machinery & Systems Hq.
June, 2009	Vice President, Representative Director, assisting President, administering corporate management, in charge of Auditing Dept. and export control, being CCO and CPO
March, 2011	Also in charge of Finance, Accounting, IR and publicity

3. Takao Tanaka (April 25, 1950 / 28,000 shares)

April, 1973	Entering the Company
June, 1998	Manager, Engineering Dept., Diesel Engine Factory, Machinery & Systems Hq.
October, 2002	Business Development Dept. of Machinery & Systems Hq., Manage, NGH Department
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.

4. Shunichi Yamashita (August 2, 1948 / 29,000 shares)

April, 1972	Entering the Company
Jan., 2000	General Manager of Sales Dept No. 2, Plant Engineering Hq.
July, 2003	General Manager of Sales Dept., Plant & Environment Hq.
June, 2005	Deputy Director, Assistant to General Manager of Plant & Environment Hq. in addition to the above
June, 2007	Director, General Manager of Plant & Environment Hq.
June, 2010	Managing Director, General Manager of Plant & Environment Hq. (Other concurrent significant office: Director, MODEC Inc.)

5. Masafumi Okada (February 18, 1950 / 21,000 shares)

April, 1972	Entering the Company
April, 1999	General Manger of Ship & Ocean Project Sales Dept.
June, 2005	Deputy Director, Assistant to General Manager of Ship & Ocean Project Hq., in addition to the above
June, 2006	Deputy General Manager of Ship & Ocean Project Hq. General Manager of Chiba Works
June, 2007	Director
June, 2009	Director, General Manager of Corporate Marketing & Business

Coordination Hq.

6. Yasuo Irie (May 21, 1949 / 16,000 shares)

April, 1975	Entering the Company
June, 2001	General Manager of Naval Craft Design Dept.
April, 2004	General Manager of Basic Design Dept., Ship & Ocean Project Hq.
July, 2007	General Manager of Planning & Administration Dept., Ship & Ocean Project Hq.
June, 2008	Deputy Director (Technical), Ship & Ocean Project Hq.
June, 2009	Director, General Manager of Research & Development Hq.

7. Akinori Matsuda (August 14, 1950 / 14,000 shares)

April, 1974	Entering the Company
February 2003	General Manager of Production Management Dept, Chiba Shipyard
July, 2005	General Manager of Business Dept., Chiba Shipyard
April 2006	General Manager of Manufacture Dept., Chiba Shipyard
June, 2007	General Manager of Chiba Shipyard
June, 2009	Director, Deputy General Manager of Ship & Ocean Project Hq. General Manager of Chiba Works

8. Yoshihisa Kitajima (November 17, 1951 / 29,000 shares)

April, 1974	Entering the Company
April 1997	General Manager of Production Management Dept of Tomano Works
January 2000	General Manager of Business Administration Dept, Tamano Machinery Factory
April, 2004	General Manager of Tamano Machinery Factory
June, 2007	Deputy Director, General Manager of Corporate Planning Dept. and Resource Utilization Div.
June, 2009	Director, General Manager of Tamano Works

9. Takaki Yamamoto (May 22, 1952 / 18,000 shares)

April, 1976	Entering the Company
June, 2005	General Manger of Personnel Dept.
June, 2009	Director in charge of general affairs and personnel management, General Manager of General Affairs Dept.

10. Yukinobu Ohtani (May 3, 1950 / 34,000 shares)

April, 1973 Entering the Company
April, 2006 General Manager of Production Planning Dept., Chiba Shipyard
February, 2008 General Manager, Steel Structure & Material Handling Machinery
Factory, Steel Structure & Logistics Systems Hq.
June, 2010 Deputy Director, Deputy General Manager of Steel Structure &
Logistics Systems Hq. General Manager of Oita Works

11. Osamu Niho (November 17, 1951 / 29,000 shares)

April, 1979 Entering the Company
October, 2005 General Manager of Basic Design Dept., Ship & Ocean Project Hq.
June, 2008 General Manager of Planning & Administration Dept., Ship &
Ocean Project Hq.
June, 2009 Deputy Director, Deputy General Manager of Business
Development & Innovation Hq.

12. Manabu Kawai (July 11, 1950 / 10,000 shares)

April, 1973 Entering the Company
October, 2002 General Manger of Accounting Dept.
June, 2009 Deputy Director
April, 2010 Executive Officer of Mitsui Ocean Development & Engineering Co.,
Ltd. (MODEC)
April, 2011 General Manager of Finance Dept.

13. Hiroyuki Komine (January 28, 1952 / 10,000 shares)

April, 1978 Entering Mitsui & Co., Ltd.
August, 2007 Divisional Operating Officer, Infrastructure Division,
Mitsui & Co. Europe
April, 2008 Deputy Director of Mitsui & Co., Ltd.
April, 2011 Retiring from Mitsui & Co., Ltd.
May, 2011 Entering the Company, Deputy Director, General Manager of
Corporate Marketing Business Co-ordination Hq.

14. Shinsuke Minoda (January 15, 1954 / 14,000 shares)

April, 1977 Entering the Company
April, 2008 Assistant to General Manger of Machinery Factory, Machinery &
Systems Hq.

January, 2009	General Manager of Business Co-ordination Dept., Machinery Factory, Machinery & Systems Hq.
June, 2009	General Manager of Planning & Administration Dept., Machinery & Systems Hq.

For Agenda Item No. 3: Election of one (1) Substitute Corporate Auditor

Since the term of office of Mr. Noriaki Kinoshita as Substitute Corporate Auditor elected at the Ordinary General Meeting of Shareholders on 26 June, 2010 expires at the moment of opening of this Meeting, in preparation for the situation where the number of Corporate Auditors falls short of the requirement by the laws, we propose to elect one (1) Substitute Corporate Auditor.

The candidate is as follows:

For your information, we have obtained the approval by the Board of Corporate Auditors as to the content of this proposal.

Name of the Candidate and Career (date of birth / Number of the Company's shares owned)

Noriaki Kinoshita (December 5, 1939 / 0 share)

June, 1966	Registered as a Certified Public Accountant, and engaged in the business as CPA
April, 1972	Lecturer, Chuo University
October, 1984	Managing and Representative Partner, Inoue Tatsuo Audit Firm
October, 1987	Managing Partner, Inoue & Saitoh Audit Firm
September, 1991	Representative Partner, Inoue Saitoh Eiwa Audit Firm
October, 1993	Representative Partner, Asahi Audit Firm
April, 2002	Professor, Chuo University
Aug., 2003	Member of Management Assessment Committee of Lion Corporation
June, 2006	Member of Special Committee of TACHI-S Co., Ltd.
June, 2006	Substitute Corporate Auditor of the Company
	(Other concurrent significant office: Corporate Auditor, Toppan Forms, Co., Ltd.)

Note:

1. There exists no special interests between the candidate and the Company.
2. The candidate is to be elected as a substitute for the Outside Corporate Auditor.
3. The candidate satisfies the qualification for the outside Corporate Auditor.
4. Reasons for qualification and the liability limitation agreement
 - (1) Reasons to nominate him as the Outside Corporate Auditor.

Mr. Kinoshita may make use of his long time experience and knowledge as CPA in

auditing the Company's business activities.

(2) Basis of our judgments that he may perform his task appropriately as the Outside Corporate Auditor

Whilst Mr. Kinoshita has no experience of being directly engaged in corporate management, he is conversant in corporate accounting as CPA, and he is knowledgeable in corporate management based on his work as a member of the management assessment committees of some listed companies.

(3) Liability Limitation Agreement

Article 36 of the Articles of Incorporation of the Company provides that the Company may enter into a Liability Limitation Agreement provided for by Article 423 Paragraph 1 of the Corporation Act with the outside corporate auditors in order for them to carry out their expected duties. Based on that, when Mr. Kinoshita assumes the office, we intend to execute a Liability Limitation Agreement with him. The maximum amount of his liability will be the pre-determined amount of not less than 10 million yen or the lowest amount of liability provided for in the relevant laws, whichever is the higher.

For Agenda Item No. 4: Presentation of Retirement Remuneration to the retiring Directors

To Mr. Toshiro Miyazaki who reigned the office of Director as on March 30, 2011, and to Messrs. Takao Motoyama, Yutaka Raijo, Norio Nagata, Kazuo Masuyama, Ryoichi Jinkawa and Kazuki Yashiki, who are resigning the office of Directors at the close of this General Meeting of Shareholders, we wish to present retirement remuneration for their service during their tenure of office in accordance with the standard stipulated by the Company.

Their respective careers are as follows:

<u>Name</u>	<u>Career</u>	
Mr. Toshiro Miyazaki	June, 2007	Director
	March, 2011	Resigned
Mr. Takao Motoyama	June, 1997	Director
	June, 1999	Managing Director
	June, 2001	President, Representative Director
	June, 2007	Chairman, Representative Director
Mr. Yutaka Raijo	June, 2002	Director
	June, 2005	Managing Director
Mr. Norio Nagata	June, 2005	Director

	June, 2008	Managing Director
Mr. Kazuo Masuyama	June, 2005	Director
	June, 2009	Managing Director
Mr. Ryoichi Jinkawa	June, 2006	Director
	June, 2009	Managing Director
Mr. Kazuki Yashiki	June, 2006	Director
	June, 2009	Managing Director

Exercise of Voting Rights via the Internet, etc

Shareholders Exercising Voting Rights Over the Internet Are Asked to Kindly Note the Following Matters.

1. The exercise of voting rights via the Internet is only possible by using a website designated for voting by the Company (<http://www.web54.net>).
Please note that voting codes and passwords that appear on the right of your voting card are necessary. Mobile phone terminals are not set up for this purpose.
2. In order to use the website for voting, any fees for connection or communication to be paid to communication service providers shall be borne by each shareholder.
3. Where shareholders access the internet from their workplace, there are cases where communications over the internet are restricted by the setting up of firewalls, etc. Please check with a relevant system manager of each shareholder.

Security of Passwords

1. Passwords are the means by which persons exercising voting rights are confirmed as shareholders. Please keep passwords in confidence until the close of the Ordinary General Meeting of Shareholders. Further, the Company cannot respond to enquiries regarding passwords by phone.
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.

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

1. Necessary Conditions for Hardware:
 - (1) The computer must be able to access the Internet.
 - (2) The computer monitor resolution must be at least 800 x 600 (dots wide by long - SVGA).
2. Necessary Conditions for Software Applications:
 - (1) Microsoft[®] Internet Explorer version 5.01 Service Pack 2 or above must be installed on a computer.
 - (2) Adobe[®] Acrobat[®] Reader[™] version 4.0 or above or Adobe[®] Reader[®] version 6.0 or above must be installed on a computer. (This application will be only necessary where a shareholder refers to the "Notice of the Ordinary General Meeting of Shareholders" or "Reference Materials" on the website.)
(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.)

Troubleshooting

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

The Chuo Mitsui Trust and Banking Company, Limited Securities support dedicated line
Phone: 0120 (65) 2031
(open: 9am - 9pm, excluding Sat, Sun, National holidays)

2. For all other enquiries of a general nature (such as the registered address or registered shareholdings), please contact the following:

The Chuo Mitsui Trust and Banking Company, Limited Securities Administration Center

Phone: 0120 (78) 2031

(open: 9am - 5pm, excluding Sat, Sun, National holidays)

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

Where institutional investors with proxy voting rights have made prior application for use of a platform for electronic exercise of votes operated by ICJ Ltd. established by Tokyo Stock Exchange and the others, they 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.